

Town of Waynesville, North Carolina

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

Town of Waynesville, North Carolina

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For the Fiscal Year Ended June 30, 2015

TOWN OFFICIALS

MAYOR

Gavin Brown

ALDERMEN

Gary Caldwell
J. Wells Greeley

Julia Freeman
LeRoy Roberson

ADMINISTRATIVE

Marcia Onieal
Edward Caldwell

Town Manager
Finance Officer

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FINANCIAL SECTION

Independent Auditor's Report

To the Honorable Mayor and Board of Aldermen
Town of Waynesville, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Waynesville, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Dogwood ABC Board, which represents 100 percent of the assets, net position, and revenues of the discretely presented component units. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Waynesville ABC Board, is based solely on the report of another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Town of Waynesville ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Waynesville, North Carolina as of June 30, 2015, and the respective changes in financial position, and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 4 through 16, the Law Enforcement Officers' Special Separation Allowance, on pages 57 and 58, the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions, on pages 59 and 60, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 61 and 62, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditor have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Waynesville, North Carolina. The combining and individual fund financial statements, budgetary schedules, and other schedules are presented for purposed of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying

accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditor. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditor, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2015 on our consideration of the Town of Waynesville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Waynesville's internal control over financial reporting and compliance.

Ray, Bumgarner, Kingshill & Assoc., P.A.

Waynesville, North Carolina
October 23, 2015

Management's Discussion and Analysis

As management of the Town of Waynesville, we offer readers of the Town of Waynesville's financial statements this narrative overview and analysis of the financial activities of the Town of Waynesville for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Waynesville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$48,861,291 (*net position*).
- The government's total change in net position before restatement increased by \$621,228, primarily due to increases in the governmental activities net position. This increase is mainly due to the revenues associated with an improving economy and diligent cost saving measures. As discussed later, a restatement of beginning net position occurred due to the Town's implementation of GASB 68. With this new reporting change, the Town is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources and pension expense. The restatement to record the effects of the new reporting guidance decreased beginning net position by (\$911,055).
- As of the close of the current fiscal year, the Town of Waynesville's governmental funds reported combined ending fund balances of \$7,675,359, an increase of \$436,531 in comparison with the prior year. Approximately 32.09 percent of this total amount, or \$2,323,056, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,999,224, or 31.81 percent of total general fund expenditures for the fiscal year.
- Overall the Town of Waynesville's total debt and notes decreased by (\$1,343,893), or (9.32%). While the Town did not enter into new debt agreements in the current year, increases of \$608,979 were recorded in the other long term debt items such as unfunded pension liabilities, other post employment benefits and compensated absences. These increases were off set by principal payments on existing debt and balances.
- The Town of Waynesville's Electric Fund for the current fiscal year reported power purchases of \$5,999,434 a decrease of \$303,993 or 4.82% in comparison with the prior year. Most of this year's decrease is due to lower fuel costs and as stated in previous years, the town has experienced rising and falling fuel costs that have been passed along to the Town by its supplier on a month to month basis. In response to these fuel charges, the Town reviews its rates on a monthly basis. The prior fiscal year reported power purchases of \$6,303,427, an increase of \$404,904 or 6.86% in comparison with the fiscal year ended June 30, 2013. The prior year's increase was mostly due to the rising fuel costs. The Electric Fund operating revenues for the current fiscal year reported charges for services of \$8,998,730, an increase of \$195,283 or 2.22%. The prior fiscal year ending June 30, 2014 reported charges for services of \$8,803,447, an increase of \$106,236 or 1.22% in comparison with the fiscal year ended June 30, 2013.

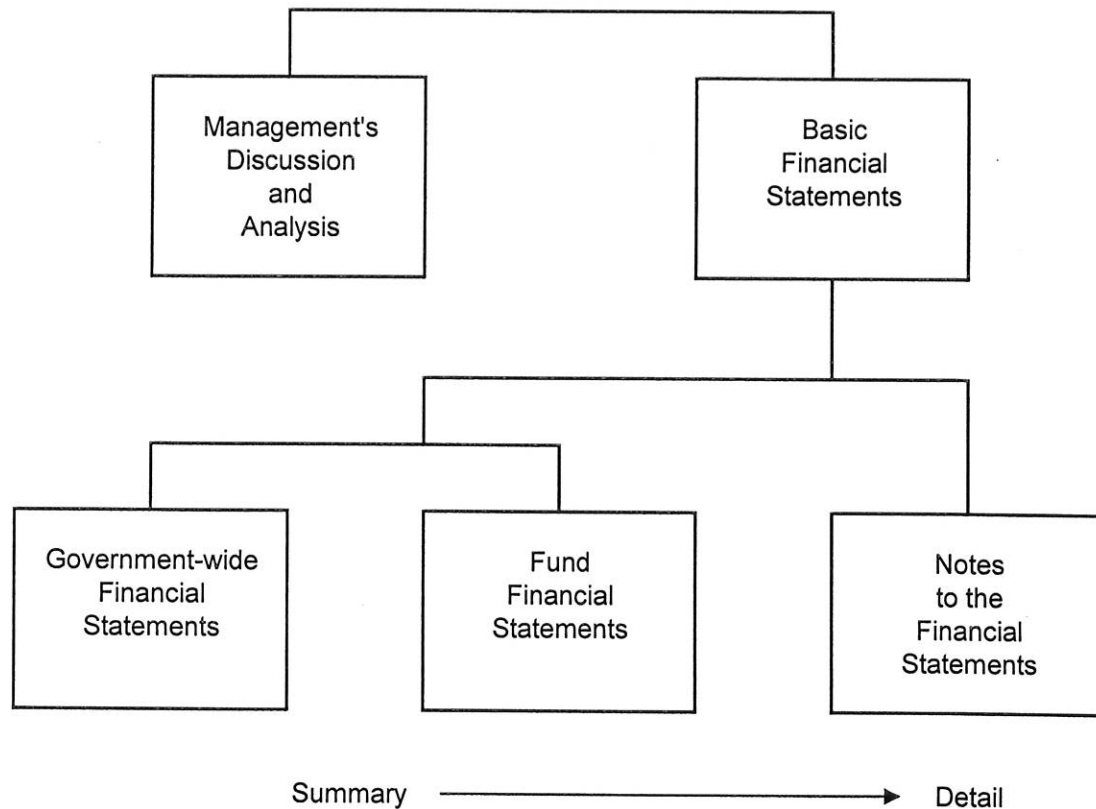
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Waynesville's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide

statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Waynesville.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes, state shared revenues and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the electric, water, and sewer services offered by the Town of Waynesville. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town. The Town exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the Town.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Waynesville, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Waynesville can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements. The Town of Waynesville adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The Town of Waynesville has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Waynesville uses enterprise funds to account for its electric, water, and sewer operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the Town of Waynesville. The Town uses internal service funds to account for two activities – its public works and garage operations. Because the public works benefits predominantly business-type rather than governmental activities, it has been included within the business-type activities in the government-wide financial statements. On the other hand, the garage operation benefits predominantly governmental rather than business-type activities and therefore has been included within the governmental activities in the government-wide financial statements.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages **26-57** of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Waynesville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages **58** through **63** of this report.

Interdependence with Other Entities – The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with US Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

The Town of Waynesville's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 9,870,906	\$ 8,735,585	\$ 6,137,832	\$ 6,101,493	\$ 16,008,738	\$ 14,837,078
Capital assets	23,414,966	23,975,411	25,201,579	26,132,378	48,616,545	50,107,789
Deferred outflows of resources	371,155	-	95,024	-	466,179	-
Total assets and deferred outflows of resources	33,657,027	32,710,996	31,434,435	32,233,871	65,091,462	64,944,867
Long-term liabilities outstanding	9,634,802	10,522,311	3,434,272	3,890,656	13,069,074	14,412,967
Other liabilities	893,541	699,255	838,087	868,232	1,731,628	1,567,487
Deferred inflows of resources	1,390,081	103,122	329,215	-	1,719,296	103,122
Total liabilities and deferred inflows of resources	11,918,424	11,324,688	4,601,574	4,758,888	16,519,998	16,083,576
Net position:						
Net invested in capital assets	17,022,705	16,881,174	22,181,641	22,546,934	39,204,346	39,428,108
Restricted	2,300,760	2,031,658	-	-	2,300,760	2,031,658
Unrestricted	2,415,138	2,473,476	4,651,220	4,928,049	7,066,358	7,401,525
Total net position	\$ 21,738,603	\$ 21,386,308	\$ 26,832,861	\$ 27,474,983	\$ 48,571,464	\$ 48,861,291

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Waynesville exceeded liabilities and deferred inflows by \$48,571,464 as of June 30, 2015. The Town's net position after restatement decreased (\$289,827) or (0.59%) for the fiscal year ended June 30, 2015. However, the largest portion \$39,204,346 or 80.71% reflects the Town's net investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment). The Town of Waynesville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Waynesville's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Waynesville's net position \$2,300,760 or 4.74% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$7,066,358 is unrestricted. However, this includes \$247,719 in unspent funds that will be used for the repair and renovation of public buildings. Also, the Town of Waynesville implemented GASB Statement 68 this year. With the new reporting change, the Town is allocated its proportionate share of the Local Government Employees' Retirement System's net pension assets, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by (\$911,055). Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Waynesville management.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes resulted in a tax collection percentage of 97.10%. This is a decrease of 0.05% from the prior year's tax collection percentage. For comparison, the statewide average of units with electrical systems for the population grouping 2,500 to 9,999 was 97.36% for the year ended June 30, 2014. Our collection rate was .26% lower than the statewide average for our group.
- The local option sales tax revenues (article 39, article 40, article 42 and the hold harmless amount for the article 44) totaled \$2,424,827, an increase of \$235,181 or 10.74% in comparison to the prior year.
- The utility franchise tax revenues for the current fiscal year totaled \$835,302, an increase of \$165,179 or 24.65% in comparison to the prior year.
- The building permits fees were \$128,286, an increase of \$35,679 or 38.53% in comparison to the prior year.
- The beer and wine tax and the ABC profit distribution totaled \$93,319, an increase of \$49,010 or 110.61% in comparison to the prior year.

Town of Waynesville Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	Total
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 2,247,875	\$ 2,257,397	\$14,121,557	\$13,571,548	\$16,369,432	\$15,828,945
Operating grants and contributions	394,109	42,360	-	-	394,109	42,360
Capital grants and contributions	4,000	432,261	24,344	62,560	28,344	494,821
General revenues:						
Property taxes	5,249,710	4,911,623	-	-	5,249,710	4,911,623
Other taxes	2,707,028	2,469,240	-	-	2,707,028	2,469,240
Grants and contributions not restricted to specific programs	928,621	714,432	-	-	928,621	714,432
Other	47,418	98,630	40,454	13,576	87,872	112,206
Total revenues	11,578,761	10,925,943	14,186,355	13,647,684	25,765,116	24,573,627
Expenses:						
General government	1,483,821	2,102,358	-	-	1,483,821	2,102,358
Public safety	5,117,768	4,901,203	-	-	5,117,768	4,901,203
Transportation	3,648,878	3,535,094	-	-	3,648,878	3,535,094
Economic development	-	-	-	-	-	-
Environmental Protection	118,702	79,010	-	-	118,702	79,010
Culture and recreation	1,956,916	2,017,043	-	-	1,956,916	2,017,043
Interest on long-term debt	261,055	298,048	-	-	261,055	298,048
Electric	-	-	7,847,211	7,801,993	7,847,211	7,801,993
Water	-	-	2,489,451	2,444,735	2,489,451	2,444,735
Sewer	-	-	2,220,086	1,851,994	2,220,086	1,851,994
Total expenses	12,587,140	12,932,756	12,556,748	12,098,722	25,143,888	25,031,478
Increase (decrease) in net position before transfers	(1,008,379)	(2,006,813)	1,629,607	1,548,962	621,228	(457,851)
Transfers	1,475,440	1,468,620	(1,475,440)	(1,468,620)	-	-
Increase in net position	467,061	(538,193)	154,167	80,342	621,228	(457,851)
Net position, July 1 (consolidated)	21,386,308	21,924,501	27,474,983	27,394,641	48,861,291	49,319,142
Net position, July 1, beginning, restated	21,271,542	21,924,501	26,678,694	27,394,641	47,950,236	49,319,142
Net position, June 30	\$21,738,603	\$21,386,308	\$26,832,861	\$27,474,983	\$48,571,464	\$48,861,291

Governmental activities. For the year ended June 30, 2015, Governmental activities increased the Town's net position before restatement and reclassification by \$467,061. Key elements of this increase are as follows:

- The Town having experienced slow growing or declining revenues since 2009, raised the tax rate three cents from 40.82 cents to 43.82 cent per hundred.
- The Town spent less than budgeted, thru temporary vacancies, their related fringe benefits, and other diligent cost savings measures.
- As discussed earlier, an improving economy lifted the revenues in a number of areas.
- Depreciation exceeding capital outlay will lower net position. Governmental activities' depreciation exceeded capital outlay by \$1,392,583.

- As discussed earlier, beginning net position was restated as a result of the implementation of GASB Statement 68. This new reporting guidance dealing with the Town's pensions restated and decreased the Governmental activities beginning net position by (\$725,350).
- For the year just ended, the shared costs or joint costs of the various departments and funds were accounted for under new allocation models. The new allocation models should allow the Town to more accurately charge the shared costs back to the user departments and funds. As a result of this change, \$610,584 of the internal service funds' net position was reclassified from Business-type Activities to Governmental Activities
- This net position increase would be a decrease except for the Town's transfer of \$1,475,440 from business-type activities to the governmental activities.
- By comparison for the year ended June 30, 2014 and June 30, 2013, the governmental activities decreased (\$538,193) and (\$597,944) respectively after the Town transferred \$1,468,620 and \$1,456,370 respectively from business-type activities to the governmental activities.

Business-type activities: For the year ended June 30, 2015, business-type activities increased the Town's net position before restatement and reclassification increased by \$154,167. Key elements of this increase are as follows:

- The Town implemented water and sewer rate increases of 5% for inside and outside customers. The base charge to residential electric customers was raised one dollar per month (\$1.00) starting April 1, 2014 thru August 1, 2015.
- Depreciation exceeding capital outlay will lower net position. Business-type activities' depreciation exceeded capital outlay by \$340,165.
- The net position increase would be a greater increase; however the Town transferred \$1,475,440 from the business-type activities to the governmental activities.
- The Sewer Fund transferred \$555,000 to the Electric Fund to reimburse a previous year's transfer that the Sewer Fund received from the Electric Fund.
- The Town's electric fund reported income before contributions and transfers of \$1,171,070, an increase of \$198,538 from the prior year. This increase as discussed earlier is mainly due to lower fuel costs passed on to the Town by its power supplier.
- As discussed earlier, beginning net position was restated as a result of the implementation of GASB Statement 68. This new reporting guidance dealing with the Town's pensions restated and decreased the Business-type activities beginning net position by (\$185,705).
- For the year just ended, the shared costs or joint costs of the various departments and funds were accounted for under new allocation models. The new allocation models should allow the Town to more accurately charge the shared costs back to the user departments and funds. As a result of this change, \$610,584 of the internal service funds' net position was reclassified from Business-type Activities to Governmental Activities
- By comparison for the year ended June 30, 2014 and June 30, 2013, the business-type activities' net position increased by \$80,342 and \$254,460 respectively after the Town transferred \$1,468,620 and \$1,456,370 respectively from the business-type activities to the governmental activities.

Financial Analysis of the Town's Funds

As noted earlier, the Town of Waynesville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town of Waynesville's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Waynesville's financing requirements.

The general fund is the chief operating fund of the Town of Waynesville. At the end of the current fiscal year, the Town of Waynesville's fund balance available in the General Fund was \$5,572,448, while total fund balance was \$7,082,825. By comparison, the year ended June 30, 2014 fund balance available in the General Fund was \$5,112,883 and total fund balance was \$6,680,127. The Town current fund balance available is 44.36% of general fund expenditures, while total fund balance represents 56.38% of the same amount. By comparison, the year ended June 30, 2014 the fund balance available was 37.67% of the general fund expenditures, while total fund balance represents 49.22% of the same amount.

At June 30, 2015, the governmental funds of Town of Waynesville reported a combined fund balance of \$7,675,359, with a net increase in fund balance of \$436,531. This represents a 6.03% increase over last year. The increase is primarily due to the revenues and other financing sources over expenditures and other financing uses.

General Fund Budgetary Highlights: During the year the Town revised the budget on two occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increase in appropriations that become necessary to maintain services.

- The Town's total budget for the general fund including transfers to other funds for the year ended June 30, 2015 totaled \$13,815,890. The funding sources: revenues, transfer from business-type activities and appropriations from fund balance, were budgeted at \$11,079,610, \$1,485,440, and \$1,250,840 respectively. The actual revenues totaled \$11,490,241 or \$410,631 over budget. For a more detail comparison of actual and budgeted amounts see Exhibit 5 and Exhibit B-1 in the accompanying financial statements. The main reason for the total revenues having an overall positive variance can be traced to two revenue groupings. The first grouping titled unrestricted intergovernmental revenue came in \$223,421 over budget. As discussed previously, the franchise taxes, beer and wine taxes, and the ABC profit distribution came in significantly higher than budgeted. The second grouping titled other taxes and licenses came in \$199,808 higher than budgeted. The main revenue in this grouping was the local option sales taxes. All the transfers to the general fund from business-type activities were made as budgeted. The Town's actual general fund expenditures totaled \$12,562,983 or (\$1,252,907) under budget. Overall the uncertainty surrounding the economic recovery has lead to expenditures being under spent. Most of this underspending is tied to employee vacancies and their related fringe benefits. Other huge savings came about due to the adjustments of the health insurance benefits that allowed costs to be lower than originally budgeted. The fuel costs are another area of savings to the Town. Not only has the price of fuel dropped, but the Town has realized even cheaper fuel costs by converting a large number of its fleet to propane use. And as in previous years, the Town made an extra effort to under spend expenditures to limit the use of its fund balance. The Town had budgeted to use \$1,250,840 from general fund balance, but none was needed.

Proprietary Funds. The Town of Waynesville's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric, Water, and Sewer Funds at the end of the fiscal year totaled \$1,890,161, \$1,524,681, and \$1,238,176, respectively. In comparison to the year ended June 30, 2014, the unrestricted net position of the Electric, Water and Sewer funds totaled \$1,552,768, \$1,444,670, and \$1,899,932, respectively. The Electric and Water fund's unrestricted net position increased \$337,393 or 21.73% and \$80,011 or 5.54% respectively. The Sewer funds' unrestricted net position decreased \$661,756, or 34.83%. Total change in net position of the Electric and the Water funds at the end of the fiscal year increased \$450,470 or 13.66% and \$244,565 or 1.71% respectively. Total change in net position of the Sewer fund at the end of the fiscal year decreased (\$613,491) or (6.72%). Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town of Waynesville's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Waynesville's investment in capital assets for its governmental and business-type activities as of June 30, 2015 totaled \$48,616,545 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, recreation facilities, vehicles, and infrastructure.

Major capital asset transactions during the year include the following additions:

- Improvements and additions to the Town's water distribution systems for \$367,780.
- Purchase two Pac Man Knuckle Booms for \$255,997.
- Purchase JD 135G Excavator (Water maintenance) for \$164,575.
- Purchase flocculators and mixing equipment (Water treatment plant) for \$115,546.
- Purchase propane conversion kits for 17 vehicles for \$100,817.
- Purchase new excavator (Streets) for \$66,034.
- Paving at Vance St parking lot for \$59,900.
- Paving at Public Services lot for \$58,048.
- Purchase new coach bus (Recreation department) for \$55,953.
- Purchase new truck (Water maintenance) for \$49,881.
- Purchase new chipper (Electric maintenance) for \$48,475.
- Purchase new storage building (Sewer treatment plant) for \$48,422.
- Purchase truck with dump bed (Public Facilities) for \$45,191.
- Paving at Old Armory for \$40,238.
- Purchase pump (Sewer treatment plant) for \$37,500.
- Purchase new shed (Public Services lot) for \$36,768.
- Purchase Dodge Charger and related equipment (Police) for \$33,524.
- Purchase Chevrolet Volt (Public service Administration) for \$30,238.
- Purchase and or improvements of additional assets during the year (<\$30,000) for \$267,135.

Major capital asset transactions during the year include the following disposals:

- Disposal of 2010 Dodge Charger (Police) with an original cost of \$25,066.
- Disposal of 95 Ford F350 truck (Powell Bill) with an original cost of \$23,631.
- Disposal of 98 Ford F150 truck (Public Services Administration) with an original cost of \$20,900.
- Disposal of 96 Jeep Cherokee (Planning and Zoning) with an original cost of \$19,510.
- Disposal of 97 Ford F150 (Water maintenance) with an original cost of \$16,814.
- Disposal of 98 Ford (Purchasing) with an original cost of \$15,229.
- Disposal of Police dog acquired in 2006 with an original cost of \$8,000.
- Disposal of two salt spreaders (Powell Bill) (model year 2002 & 1998) with an original cost of \$7,789.

Town of Waynesville's Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,880,263	\$ 1,880,263	\$ 1,826,920	\$ 1,826,920	\$ 3,707,183	\$ 3,707,183
Public Art	88,147	81,604	-	-	88,147	81,604
Construction in process	0	658,467	-	-	-	658,467
Buildings and system	12,394,456	12,684,148	22,283,789	22,827,313	34,678,245	35,511,461
Land improvements	493,227	365,269	100,941	107,592	594,168	472,861
Equipment, furniture and fixtures	703,027	801,492	252,219	177,705	955,246	979,197
Infrastructure	5,219,594	6,355,758	-	-	5,219,594	6,355,758
Vehicles and motorized equipment	2,636,252	1,739,047	737,710	602,214	3,373,962	2,341,261
Total	\$ 23,414,966	\$ 24,566,048	\$ 25,201,579	\$ 25,541,744	\$ 48,616,545	\$ 50,107,792

Additional information on the Town's capital assets can be found in Note I.E.7 and III.A.4 of the Basic Financial Statements.

Long-term Debt. The Town's total debt outstanding including notes payable for the year ending June 30, 2015 and June 30, 2014 after restatement, was \$13,069,074 and \$15,777,463, respectively. All debt is backed by the full faith and credit of the Town of Waynesville. Unfunded pension liabilities, legal claims, postemployment benefits, Net Pension liability and compensated absences for the year ending June 30, 2015 and June 30, 2014 after restatement, make up \$2,360,298 and \$3,521,534 of the total debt outstanding respectively. The remaining balances are installment purchase obligations and notes payable.

Town of Waynesville's Outstanding Debt
Installment Purchase Obligations

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Installment purchase obligations	\$ 7,024,142	\$ 7,929,985	\$ 3,019,938	\$ 3,500,294	\$ 10,044,080	\$ 11,430,279
Note payable	\$ 664,696	\$ 825,650	-	-	664,696	825,650
Total	\$ 7,688,838	\$ 8,755,635	\$ 3,019,938	\$ 3,500,294	\$ 10,708,776	\$ 12,255,929

- The Town's total installment debt decreased (\$1,386,199) or (12.13%) during the current fiscal year. As noted earlier, the town did not enter into new installment debt. These decreases were due to principal payments on existing debt.
- The Town's total notes payable decreased (\$160,954). This debt was for the purchase of vehicles and their related equipment. This debt is currently classified as notes payable and relate to the governmental activities. The loan proceeds were placed in to an escrow while asserts were purchased. Once the escrow is closed, the note will be reclassified as part of the installment purchase obligations.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Waynesville is \$85,688,487.

Additional information regarding the Town of Waynesville's long-term debt can be found in note III.B.10 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

Town of Waynesville
Budget Comparison
For the Year Ending June 30, 2016

	FY 15-16 Budget	FY 14-15 Budget	Difference	%
General	13,785,300	13,815,890	(30,590)	-0.22%
Electric	10,087,160	10,413,780	(326,620)	-3.14%
Water	3,561,950	3,128,340	433,610	13.86%
Sewer	2,365,630	3,167,410	(801,780)	-25.31%
Total	29,800,040	30,525,420	(725,380)	-2.38%

- The tax rate remains unchanged at .4382 cents per hundred valuation.
- The 25% decrease in solid waste collection fees on commercial dumpster remains.
- The state's General Assembly eliminated the municipalities' local privilege licenses. This revenue was budgeted at \$138,000 in the FY 14-15 budget. This fee is not in the FY 15-16 budget.
- Water rates are increased 5.0%.
- Sewer rates remain unchanged.
- Electric rates remain unchanged.
- A new business registration fee of \$25.00 per business per year is included in the FY 15-16 budget.
- All other fees remain unchanged.

Overall, there are few new capital projects, minor facility renovations, and limited new equipment/vehicle/capital replacements. Four new positions will be added in the Water fund to create a capital construction crew. And 5% salary adjustment will be set aside for market based equity adjustments and an initiation of career track progressions.

The General fund FY 15-16 budget is slightly lower (\$30,590) than the FY 14-15 budget. The Electric fund FY 15-16 budget is (\$326,620) lower than the FY 14-15 budget. The majority of this decrease is the budgeted drop in power costs. The Water fund FY 15-16 budget is expected to increase \$433,610 over the FY 14-15 budget. The increase is mainly due to the addition of new positions associated with the new capital construction crew and a new capital project dealing with the rehabilitation of a two million gallon water tank. The Sewer fund FY 15-16 budget is (\$801,780) below the FY 14-15 budget. The FY 14-15 budget included a \$555,000 transfer to the Electric fund for the reimbursement of a previous year's transfer from the electric fund. The repayment took place in the FY 14-15 budget and is not included in the FY 15-16 budget. The remaining portion of the decrease is due to lower FY 15-16 budgeted capital outlays than the FY14-15 budget.

Budget Summary for the Fiscal Year Ending June 30, 2016

Town of Waynesville

Budget Summary

For the Year Ending June 30, 2016

	General Fund	Electric Fund	Water Fund	Sewer Fund
Revenues	\$ (11,200,270)	\$ (9,359,560)	\$ (2,982,900)	\$ (2,207,700)
Transfer from Other Funds	(1,478,100)	-	-	-
Appropriations from Fund Balance	(1,106,930)	(727,600)	(579,050)	(157,930)
Total Sources	\$ (13,785,300)	\$ (10,087,160)	\$ (3,561,950)	\$ (2,365,630)
Expenditures:				
Governing Body	\$ 102,290	\$ -	\$ -	\$ -
Administration	472,590	-	-	-
Finance	334,770	-	-	-
Planning and Code Enforcement	589,630	-	-	-
Special Appropriations	375,720	-	-	-
Police	4,139,540	-	-	-
Fire	1,157,430	-	-	-
Streets, Sanitation & Powell Bill	2,992,790	-	-	-
Cemetery	157,550	-	-	-
Parks and Recreation	2,185,340	-	-	-
Maintenance	-	1,345,910	1,591,300	799,970
Treatment	-	-	1,493,800	1,306,020
Finance and Administration	-	739,200	232,140	171,330
Power Purchases	-	6,376,450	-	-
Debt Service	1,277,650	350,000	130,520	-
Transfer to Other Funds	-	1,275,600	114,190	88,310
Total Uses	\$ 13,785,300	\$ 10,087,160	\$ 3,561,950	\$ 2,365,630

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Town of Waynesville, 280 Georgia Ave Waynesville, NC 28786.

Town of Waynesville, North Carolina
Statement of Net Position
June 30, 2015

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 6,801,010	\$ 3,886,578	\$ 10,687,588	\$ 424,339
Taxes receivables (net)	477,445	-	477,445	-
Accrued interest receivable on taxes	104,614	-	104,614	-
Other receivables	12,646	562	13,208	37
Accounts receivable (net)	99,726	1,200,063	1,299,789	-
Due from other governments	1,206,226	-	1,206,226	-
Due from component unit	13,056	-	13,056	-
Internal balances	1,798	(1,798)	-	-
Inventories	65,950	568,482	634,432	212,665
Prepaid items	16,726	-	16,726	8,404
Restricted cash and cash equivalents	493,015	348,889	841,904	-
Total current assets	9,292,212	6,002,776	15,294,988	645,445
Noncurrent assets:				
Net pension asset	527,524	135,056	662,580	10,617
Accounts receivable (net)	51,170	-	51,170	-
Capital assets:				
Land, non-depreciable improvements and construction in progress	1,968,410	1,826,920	3,795,330	509,646
Other capital assets, net of depreciation	21,446,556	23,374,659	44,821,215	856,403
Total capital assets	23,414,966	25,201,579	48,616,545	1,366,049
Total noncurrent assets	23,993,660	25,336,635	49,330,295	1,376,666
Total assets	33,285,872	31,339,411	64,625,283	2,022,111
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan in current fiscal year	\$ 371,155	\$ 95,024	466,179	\$ 15,050
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 768,448	\$ 601,314	\$ 1,369,762	\$ 182,654
Accrued interest payable	106,333	44,222	150,555	2,533
Customer deposits	18,760	192,551	211,311	-
Due to primary government	-	-	-	13,056
Notes payable	664,696	-	664,696	-
Current portion of long-term liabilities	1,079,088	483,055	1,562,143	59,066
Total current liabilities	2,637,325	1,321,142	3,958,467	257,309
Long-term liabilities:				
Due in more than one year	7,891,018	2,951,217	10,842,235	872,756
Total liabilities	10,528,343	4,272,359	14,800,702	1,130,065
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	26,293	-	26,293	-
Grants received in advance	77,889	-	77,889	-
Pension deferrals	1,285,899	329,215	1,615,114	17,248
Total deferred inflows of resources	1,390,081	329,215	1,719,296	17,248
NET POSITION				
Net investment in capital assets	17,022,705	22,181,641	39,204,346	450,522
Restricted for:				
Cemetery Perpetual care	344,815	-	344,815	-
Stabilization by State Statute	1,488,081	-	1,488,081	-
Transportation	467,864	-	467,864	-
Working Capital	-	-	-	67,454
Unrestricted	2,415,138	4,651,220	7,066,358	371,872
Total net position	\$ 21,738,603	\$ 26,832,861	\$ 48,571,464	\$ 889,848

The notes to the financial statements are an integral part of this statement.

Town of Waynesville, North Carolina
Statement of Activities
For the Year Ended June 30, 2015

Exhibit 2

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government			Component Unit
						Business-type Activities	Total		
Primary government:									
Governmental Activities:									
General government	\$ 1,483,821	\$ 128,707	\$ -	\$ -	\$ (1,355,114)	-	\$ (1,355,114)	\$ -	-
Public safety	5,117,768	456,163	21,611	-	(4,639,994)	-	(4,639,994)	-	-
Transportation	3,648,878	854,282	347,498	4,000	(2,443,098)	-	(2,443,098)	-	-
Environmental protection	118,702	64,400	-	-	(54,302)	-	(54,302)	-	-
Economic and physical development	-	-	-	-	-	-	-	-	-
Cultural and recreation	1,956,916	744,323	25,000	-	(1,187,593)	-	(1,187,593)	-	-
Interest on long-term debt	261,055	-	-	-	(261,055)	-	(261,055)	-	-
Total governmental activities	12,587,140	2,247,875	394,109	4,000	(9,941,156)	-	(9,941,156)	-	-
Business-type activities:									
Electric	7,847,211	9,014,460	-	-	-	\$ 1,167,249	1,167,249	-	-
Water	2,489,451	2,844,247	-	12,172	-	366,968	366,968	-	-
Sewer	2,220,086	2,262,850	-	12,172	-	54,936	54,936	-	-
Total business-type activities	12,556,748	14,121,557	-	24,344	-	1,589,153	1,589,153	-	-
Total primary government	\$ 25,143,888	\$ 16,369,432	\$ 394,109	\$ 28,344	(9,941,156)	1,589,153	(8,352,003)	-	-
Component units:									
ABC Board	\$ 2,230,112	\$ 2,283,335	\$ -	\$ -	-	-	-	53,223	53,223
Total component units	\$ 2,230,112	\$ 2,283,335	\$ -	\$ -	-	-	-	53,223	53,223
General revenues:									
Taxes:									
Property taxes, levied for general purpose					5,249,710	-	5,249,710	-	-
Other taxes					2,707,028	-	2,707,028	-	-
Grants and contributions not restricted to specific programs					928,621	-	928,621	-	-
Investment earnings					3,548	2,868	6,416	-	-
Miscellaneous					43,870	37,586	81,456	-	-
Total general revenues not including transfers					8,932,777	40,454	8,973,231	-	-
Transfers					1,475,440	(1,475,440)	-	-	-
Total general revenues and transfers					10,408,217	(1,434,986)	8,973,231	-	-
Change in net position					467,061	154,167	621,228	53,223	53,223
Net position-beginning, previously reported					21,386,308	27,474,983	48,861,291	840,430	840,430
Reclassification of internal service fund					610,584	(610,584)	-	-	-
Restatement					(725,350)	(185,705)	(911,055)	(3,805)	(3,805)
Net position-beginning, restated					21,271,542	26,678,694	47,950,236	836,625	836,625
Net position-ending					\$ 21,738,603	\$ 26,832,861	\$ 48,571,464	\$ 889,848	\$ 889,848

The notes to the financial statements are an integral part of this statement.

Town of Waynesvills
Balance Sheet
Governmental Funds
June 30, 2015

	Major Fund		
	General	Total Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,013,248	\$ 592,490	\$ 6,605,738
Receivables, net:			
Taxes	477,445	-	477,445
Accounts	99,726	-	99,726
Prepaid items	16,726	-	16,726
Long-term receivable	51,170	-	51,170
Due from component unit	13,056	-	13,056
Due from other governmental agencies	1,206,226	-	1,206,226
Interest receivable	12,553	44	12,597
Inventories	5,570	-	5,570
Restricted cash and cash equivalents	493,015	-	493,015
Total assets	<u>\$ 8,388,735</u>	<u>\$ 592,534</u>	<u>\$ 8,981,269</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 680,372	\$ -	\$ 680,372
Notes payable	25,151	-	25,151
Performance bonds	18,760	-	18,760
Total liabilities	<u>724,283</u>	<u>-</u>	<u>724,283</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	477,445	-	477,445
Prepaid taxes	26,293	-	26,293
Grants received in advance	77,889	-	77,889
Total deferred inflows of resources	<u>581,627</u>	<u>-</u>	<u>581,627</u>
FUND BALANCES			
Non Spendable			
Inventories	5,570	-	5,570
Prepaid items	16,726	-	16,726
Perpetual maintenance	-	344,815	344,815
Restricted			
Stabilization by State Statute	1,488,081	-	1,488,081
Streets-Powell bill	467,864	-	467,864
Committed			
General Government	-	247,719	247,719
Assigned			
Subsequent year's expenditures	996,660	-	996,660
Public Safety	108,700	-	108,700
Unassigned	3,999,224	-	3,999,224
Total fund balances	<u>7,082,825</u>	<u>592,534</u>	<u>7,675,359</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,388,735</u>	<u>\$ 592,534</u>	<u>\$ 8,981,269</u>

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total Fund Balance, Governmental Funds	7,675,359
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	23,414,966
Other current assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds.	104,614
Net pension asset	527,524
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	371,155
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.	169,423
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	477,445
Pension related deferrals	(1,285,899)
Some liabilities, including installment purchases payable and accrued interest, pension and other postemployment benefits, and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(9,715,984)
Net position of governmental activities	<u>\$ 21,738,603</u>

The notes to the financial statements are an integral part of this statement.

Town of Waynesville
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015

	Major Fund		
	General	Total Non-Major Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 5,202,419	\$ -	\$ 5,202,419
Other taxes and licenses	2,707,028	-	2,707,028
Unrestricted intergovernmental	928,621	-	928,621
Restricted intergovernmental	387,709	-	387,709
Permits and fees	218,786	-	218,786
Sales and services	1,988,089	41,000	2,029,089
Investment earnings	3,548	-	3,548
Miscellaneous	54,041	229	54,270
Total revenues	11,490,241	41,229	11,531,470
EXPENDITURES			
Current:			
General government	1,475,902	-	1,475,902
Public safety	4,841,805	-	4,841,805
Transportation	2,866,173	-	2,866,173
Environmental protection	117,785	-	117,785
Culture and recreation	1,919,127	7,396	1,926,523
Debt service:			
Principal	1,066,797	-	1,066,797
Interest and other charges	275,394	-	275,394
Total expenditures	12,562,983	7,396	12,570,379
Excess (deficiency) of revenues over expenditures	(1,072,742)	33,833	(1,038,909)
OTHER FINANCING SOURCES			
Transfers from other funds	1,475,440	-	1,475,440
Transfers to other funds	-	-	-
Installment purchase obligations issued	-	-	-
Total other financing sources	1,475,440	-	1,475,440
Net change in fund balance	402,698	33,833	436,531
Fund balances-beginning	6,680,127	558,701	7,238,828
Fund balances-ending	\$ 7,082,825	\$ 592,534	\$ 7,675,359

(continued)

Town of Waynesville
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 436,531
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period	
Capital outlay expenditures which were capitalized	679,074
Depreciation expense for governmental assets	(2,071,657)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	322,140
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in unavailable revenue for tax revenues	47,291
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
	1,066,797
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Compensated absences	37,245
Pension expense	(28,664)
Net pension obligation	(4,186)
Other postemployment benefits	(132,176)
Accrued interest on installment purchases obligations	14,339
Net book value of assets sold	-
Consolidation adjustment for internal balances between the internal service funds and the governmental funds	(72,623)
Net revenue of internal service funds determined to be governmental-type	<u>172,950</u>
Total changes in net position of governmental activities	<u>\$ 467,061</u>

The notes to the financial statements are an integral part of this statement.

Town of Waynesville
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 5,082,830	\$ 5,082,830	\$ 5,202,419	\$ 119,589
Other taxes and licenses	2,507,220	2,507,220	2,707,028	199,808
Unrestricted intergovernmental	705,200	705,200	928,621	223,421
Restricted intergovernmental	370,350	380,350	387,709	7,359
Permits and fees	177,600	177,600	218,786	41,186
Sales and services	2,071,060	2,071,060	1,988,089	(82,971)
Investment earnings	-	-	3,548	3,548
Miscellaneous	155,350	155,350	54,041	(101,309)
Total revenues	11,069,610	11,079,610	11,490,241	410,631
Expenditures:				
Current:				
General government	1,798,670	1,798,670	1,475,902	322,768
Public safety	5,304,300	5,304,300	4,841,805	462,495
Transportation	3,195,930	3,195,930	2,866,173	329,757
Environmental protection	160,060	160,060	117,785	42,275
Cultural and recreation	1,998,730	2,008,730	1,919,127	89,603
Debt service:				
Principal retirement	1,067,655	1,067,655	1,066,797	858
Interest and other charges	280,545	280,545	275,394	5,151
Total expenditures	13,805,890	13,815,890	12,562,983	1,252,907
Revenues over (under) expenditures	(2,736,280)	(2,736,280)	(1,072,742)	1,663,538
Other financing sources (uses):				
Transfers from other funds	1,485,440	1,485,440	1,475,440	(10,000)
Appropriations from fund balance	1,250,840	1,250,840	-	(1,250,840)
Total other financing sources (uses)	2,736,280	2,736,280	1,475,440	(1,260,840)
Net change in fund balance	\$ -	\$ -	402,698	\$ 402,698
Fund balances, beginning of year			6,680,127	
Fund balances, end of year			<u>\$ 7,082,825</u>	

The notes to the financial statements are an integral part of this statement.

Town of Waynesville
Statement of Net Position
Proprietary Funds
June 30, 2015

	Enterprise Funds				Internal Service Funds	
	Electric Fund	Water Fund	Sewer Fund	Total	Asset Services Management	Garage Fund
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,447,510	\$ 1,137,410	\$ 1,301,658	\$ 3,886,578	\$ 155,770	\$ 39,502
Accounts receivable	734,917	253,775	211,371	1,200,063	-	-
Prepaid items	-	-	-	-	-	-
Other receivables	130	178	254	562	34	15
Inventories	305,167	234,623	28,692	568,482	4,642	55,738
Restricted cash and cash equivalents	134,082	214,807	-	348,889	-	-
Total current assets	2,621,806	1,840,793	1,541,975	6,004,574	160,446	95,255
Noncurrent assets:						
Net Pension asset	25,102	46,888	63,066	135,056	61,443	8,222
Capital assets:						
Land and Construction in Progress	230,058	1,486,362	110,500	1,826,920	100,218	-
Other capital assets, net of depreciation	3,383,042	12,825,686	7,165,931	23,374,659	651,775	53,600
Capital assets (net)	3,613,100	14,312,048	7,276,431	25,201,579	751,993	53,600
Total noncurrent assets	3,638,202	14,358,936	7,339,497	25,336,635	813,436	61,822
Total assets	\$ 6,260,008	\$ 16,199,729	\$ 8,881,472	\$ 31,341,209	\$ 973,882	\$ 157,077
DEFERRED OUTFLOWS OF RESOURCES						
Contributions to pension plan	\$ 17,661	\$ 32,990	\$ 44,373	\$ 95,024	\$ 43,230	\$ 5,785
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	499,273	55,369	90,894	645,536	80,410	7,666
Customer deposits	134,082	58,469	-	192,551	-	-
Compensated absences - current	9,739	22,360	31,347	63,446	30,627	5,396
Installment purchases payable-current	306,673	112,936	-	419,609	-	-
Total current liabilities	949,767	249,134	122,241	1,321,142	111,037	13,062
Noncurrent liabilities:						
Other postemployment benefits	58,089	132,046	126,751	316,886	50,843	16,281
Compensated absences	12,036	13,451	8,515	34,002	-	-
Installment purchases payable	1,449,374	1,150,955	-	2,600,329	-	-
Total noncurrent liabilities	1,519,499	1,296,452	135,266	2,951,217	50,843	16,281
Total liabilities	2,469,266	1,545,586	257,507	4,272,359	161,880	29,343
DEFERRED INFLOWS OF RESOURCES						
Pension deferrals	61,189	114,295	153,731	329,215	149,774	20,042
NET POSITION						
Net investment in capital assets	1,857,053	13,048,157	7,276,431	22,181,641	751,993	53,600
Unrestricted	1,890,161	1,524,681	1,238,176	4,653,018	(46,535)	59,877
Total net position	\$ 3,747,214	\$ 14,572,838	\$ 8,514,607	26,834,659	\$ 705,458	\$ 113,477

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. (1,798)

Net assets of business-type activities \$ 26,832,861

The notes to the financial statements are an integral part of this statement.

Town of Waynesville
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Funds				Internal Service Funds	
	Electric Fund	Water Fund	Sewer Fund	Total	Asset Services Management	Garage Fund
OPERATING REVENUES						
Charges for services	\$ 8,998,730	\$ 2,814,247	\$ 2,235,957	\$ 14,048,934	\$ 1,833,278	\$ 538,554
Other operating revenue	-	-	-	-	-	-
Total operating revenues	<u>8,998,730</u>	<u>2,814,247</u>	<u>2,235,957</u>	<u>14,048,934</u>	<u>1,833,278</u>	<u>538,554</u>
OPERATING EXPENSES						
Finance and administration	564,100	165,670	133,950	863,720	-	-
Electric operations	973,482	-	-	973,482	-	-
Electric power purchases	5,999,434	-	-	5,999,434	-	-
Water treatment and distribution	-	1,721,984	-	1,721,984	-	-
Waste collection and treatment	-	-	1,681,807	1,681,807	-	-
Asset Services Management	-	-	-	-	1,626,176	-
Garage operations	-	-	-	-	-	557,019
Depreciation	265,528	581,310	403,858	1,250,696	30,530	20,375
Total operating expenses	<u>7,802,544</u>	<u>2,468,964</u>	<u>2,219,615</u>	<u>12,491,123</u>	<u>1,656,706</u>	<u>577,394</u>
Operating income (loss)	<u>1,196,186</u>	<u>345,283</u>	<u>16,342</u>	<u>1,557,811</u>	<u>176,572</u>	<u>(38,840)</u>
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	667	915	1,286	2,868	174	75
Interest and other charges	(44,667)	(20,487)	(471)	(65,625)	-	-
Miscellaneous revenues (expenses)	18,884	18,702	-	37,586	2,613	32,356
Total nonoperating revenue (expenses)	<u>(25,116)</u>	<u>(870)</u>	<u>815</u>	<u>(25,171)</u>	<u>2,787</u>	<u>32,431</u>
Income (loss) before contributions and transfers	<u>1,171,070</u>	<u>344,413</u>	<u>17,157</u>	<u>1,532,640</u>	<u>179,359</u>	<u>(6,409)</u>
Capital contributions	-	12,172	12,172	24,344	-	-
Transfers from other funds	555,000	-	-	555,000	-	-
Transfers to other funds	(1,275,600)	(112,020)	(642,820)	(2,030,440)	-	-
Change in net position	<u>450,470</u>	<u>244,565</u>	<u>(613,491)</u>	<u>81,544</u>	<u>179,359</u>	<u>(6,409)</u>
Total net position - beginning	<u>3,296,744</u>	<u>14,328,273</u>	<u>9,128,098</u>		<u>526,099</u>	<u>119,886</u>
Total net position - ending	<u>\$ 3,747,214</u>	<u>\$ 14,572,838</u>	<u>\$ 8,514,607</u>		<u>\$ 705,458</u>	<u>\$ 113,477</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>72,623</u>		
Change in net position - business-type activities				<u>\$ 154,167</u>		

The notes to the financial statements are an integral part of this statement.

Town of Waynesville
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities				Governmental Activities	
	Enterprise Funds				Internal Service Funds	
	Electric Fund	Water Fund	Sewer Fund	Totals	Asset Services Management	Garage Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 9,030,649	\$ 3,200,895	\$ 2,271,078	\$ 14,502,622	\$ 1,833,254	\$ 538,551
Cash paid for goods and services	(7,210,197)	(1,115,503)	(844,218)	(9,169,918)	(665,925)	(443,106)
Cash paid to or on behalf of employees for services	(370,272)	(722,161)	(951,728)	(2,044,161)	(879,457)	(122,507)
Customer deposits received	52,640	26,030	-	78,670	-	-
Customer deposits returned	(44,685)	(22,975)	-	(67,660)	-	-
Net cash provided (used) by operating activities	1,458,135	1,366,286	475,132	3,299,553	287,872	(27,062)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Cash received from miscellaneous sources	11,333	-	-	11,333	-	32,321
Transfers from other funds	555,000	-	-	555,000	-	-
Transfers to other funds	(1,275,600)	(112,020)	(642,820)	(2,030,440)	-	-
Total cash flows from noncapital financing activities	(709,267)	(112,020)	(642,820)	(1,464,107)	-	32,321
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from installment purchase obligation	-	-	-	-	-	-
Principal and interest paid on long-term debt	(362,548)	(167,010)	(43,098)	(572,656)	-	-
Capital contributions	-	12,172	12,172	24,344	-	-
Proceeds from sale of assets	7,551	18,702	-	26,253	2,613	35
Acquisition and construction of capital assets	(50,896)	(536,045)	(323,590)	(910,531)	(191,889)	(10,903)
Net cash provided (used) by capital and related financing activities	(405,893)	(672,181)	(354,516)	(1,432,590)	(189,276)	(10,868)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	667	915	1,286	2,868	174	75
Proceeds from investment maturities	-	-	-	-	-	-
Net cash provided (used) by investing activities	667	915	1,286	2,868	174	75
Net increase (decrease) in cash and cash equivalents	343,642	583,000	(520,918)	405,724	98,770	(5,534)
Balances-beginning of the year	1,237,950	769,217	1,822,576	3,829,743	57,000	45,036
Balances-end of the year	\$ 1,581,592	\$ 1,352,217	\$ 1,301,658	\$ 4,235,467	\$ 155,770	\$ 39,502
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ 1,196,186	\$ 345,283	\$ 16,342	\$ 1,557,811	\$ 176,572	\$ (38,840)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	265,528	581,310	403,858	1,250,696	30,530	20,375
Pension expense	1,571	2,935	3,948	8,454	3,846	515
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	33,184	387,667	35,612	456,463	(24)	(3)
(Increase) decrease in allowance for doubtful accounts	(1,256)	(1,019)	(491)	(2,766)	-	-
(increase) decrease in inventory	(5,295)	56,259	2,754	53,718	4,557	18,245
Increase (decrease) in accounts payable and accrued liabilities	(34,090)	(1,571)	27,430	(8,231)	74,161	(20,270)
Increase (decrease) in prepaid items	-	-	3,440	3,440	-	-
Increase (decrease) in customer deposits	7,955	3,055	-	11,010	-	-
Increase (decrease) in accrued OPEB liability	8,828	16,552	22,985	48,365	21,383	2,207
Increase (decrease) in deferred outflows of resources for pension	(17,661)	(32,990)	(44,373)	(95,024)	(43,230)	(5,785)
Increase (decrease) in accrued vacation pay	3,185	8,805	3,627	15,617	20,077	(3,506)
Total adjustments	261,949	1,021,003	458,790	1,741,742	111,300	11,778
Net cash provided by operating activities	\$ 1,458,135	\$ 1,366,286	\$ 475,132	\$ 3,299,553	\$ 287,872	\$ (27,062)

The notes to the financial statements are an integral part of this statement.

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Waynesville and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Waynesville is a municipal corporation that is governed by an elected mayor and a four-member board of alderman. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Town of Waynesville ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Town of Waynesville ABC Board, 52 Dayco Drive, Waynesville, NC 28786.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

The Town reports the following non-major governmental funds:

Public Buildings Projects Fund. This fund is used to account for the renovations to the Town's Hazelwood office, Municipal and Public Works Buildings, and the Recreation Center.

Cemetery Fund. This fund is used to accumulate monies from the sale of cemetery lots for future maintenance of the Town's cemetery.

Playground Fund. This fund is used to account for revenue restricted for use in the Town's playground.

The Town reports the following major enterprise funds:

Electric Fund. This fund is used to account for the Town's electric fund operations.

Water Fund. This fund is used to account for the Town's water operations.

Sewer Fund. This fund is used to account for the Town's sewer operations.

The Town reports the following fund type:

Internal Service Funds. Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The Town of Waynesville has two Internal Service Funds: the Asset Services Management Fund and the Garage Operations Fund. Both internal service funds predominantly serve governmental activities. However, in the prior year, the Asset Services management Fund predominantly served the business-type activities. To account for the switch, the Asset Services Management funds beginning net position of \$610,584 was moved from business-type to governmental activities.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including

special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenues because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities sales tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Waynesville because the tax is levied by Haywood County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position balances available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Public Buildings Projects Fund. The Town's Asset Services Management and Garage Operations Funds, internal service funds, operate under financial plans that were adopted by the governing board at the time the Town's budget ordinance was approved, as is required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional

appropriations by more than \$2,500. All amendments must be approved by the governing board. During the year, two amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The Cemetery Fund and the Playground Fund are not required to be budgeted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Town and of the ABC Board are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and the ABC Board may establish time deposit accounts such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town and the ABC Board's investments are reported at fair value as determined by quoted market prices. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. The securities of the NCCMT-Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and certain investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. The unexpended loan proceeds of \$25,115 are classified as restricted assets for the general fund because their use is completely restricted to the purpose for which the loan was originally issued.

Town of Waynesville Restricted Cash

Governmental Activities

General Fund	Streets	\$ 467,864
	Public Safety	25,151
		<u>\$ 493,015</u>

Total Governmental Activities

Business-type Activities

Electric Fund	Customer deposits	134,082
Water and Sewer Fund	Customer deposits	214,807

Total Business-type Activities \$ 348,889Total Restricted Cash \$ 841,9044. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13 (a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2012.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventory and Prepaid Items

The inventories of the Town and the ABC Board are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventories of the Town's enterprise funds and those of the ABC Board consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land and land improvements, \$5,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$7,500; infrastructure, \$8,500; furniture and equipment, \$5,000; and vehicles, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003, consist of the road network, and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using

deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	15-50
Buildings and system	20-50
Substations, lines and related equipment	24
Other Improvements	20-40
Vehicles and motorized equipment	5-25
Equipment and furniture	5-20
Computer equipment	5

Property, plant and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

Asset Class	Estimated Useful Lives
Furniture and equipment	3-10
New Facility	40

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2015 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has four items that meet the criterion for this category - prepaid taxes, property taxes receivable, grants received in advance, and deferrals of pension expense that result from the implementation of GASB Statement 68.

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In fund financial statements, the face amount of installment note purchases is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The

portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Perpetual maintenance – Cemetery resources that are required to be retained in perpetuity for maintenance of the Town's Cemetery.

Prepaid items – portion of fund balance that is not an available resource because it represents the expenses paid in advance, which are not spendable resources.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Streets - Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Waynesville's governing body (highest level of decision-making authority). The governing board can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for General Government - portion of fund balance assigned by the Board for renovations to the Town's public buildings.

Assigned fund balance – portion of fund balance that Town of Waynesville intends to use for specific purposes.

Assigned for Public safety – portion of fund balance that has been set aside by the Board for future maintenance and repair of the Town's Fire Station.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds without limitation.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Town of Waynesville does not have a formal spending policy that provides guidance for programs with multiple revenue sources. However, the Finance Officer uses resources in the following hierarchy: loan proceeds, federal funds, State funds, local non-town funds, town funds. For purposes of fund balance classification expenditures are spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

The Town of Waynesville has not adopted a minimum fund balance policy for the general fund.

12. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Waynesville's employer contributions are recognized when due and the Town of Waynesville has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. Stewardship, Compliance, and Accountability

The Town had no violations of non-compliance with State Statutes for the year ended June 30, 2015.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town's

and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town or the ABC Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2015, the Town's deposits had a carrying amount of \$5,888,538 and a bank balance of \$6,191,350. Of the bank balance, \$1,208,908 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the ABC Board was \$422,014 and the bank balance was \$414,998. The ABC Board maintains a cash balance at a financial institution which exceeds the Federal Deposit Insurance Corporation coverage of \$250,000. At June 30, 2015, the Board's uninsured cash balance was \$164,998. All amounts exceeding FDIC insurance limits were covered by collateral held by the Pooling Method. At June 30, 2015 the Town's petty cash fund totaled \$3,000.

2. Investments

At June 30, 2015, the Town had \$5,637,954 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy limits at least 80 percent of the Town's investment portfolio to maturities of less than 12 months. Also, the Town's investment policy requires purchases of securities to be scheduled so that maturities coincide with projected cash flow needs and limits all securities to a final maturity of no more than five years.

Credit Risk. The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2015.

3. Receivables – Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2015 are net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>6/30/2015</u>
General Fund:	
Taxes receivable	\$ 20,000
Accounts receivable	<u>14,263</u>
Total	34,263
Enterprise Funds	<u>60,445</u>
Total	<u>\$ 94,708</u>

4. Capital Assets**Primary Government**

Capital asset activity for the Primary Government for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,880,263	\$ -	\$ -	\$ -	\$ 1,880,263
Public art	81,604	6,543	-	-	88,147
Construction in progress	658,467	-	-	(658,467)	-
Total capital assets not being depreciated	<u>2,620,334</u>	<u>6,543</u>	<u>-</u>	<u>(658,467)</u>	<u>1,968,410</u>
Capital assets being depreciated:					
Land improvements	1,093,165	164,288	-	-	1,257,453
Buildings and building improvements	16,380,227	55,920	-	-	16,436,147
Equipment and furniture and fixtures	3,099,709	83,796	15,789	-	3,167,716
Vehicles and motorized equipment	5,201,674	660,933	104,336	658,467	6,416,738
Infrastructure	28,942,619	-	-	-	28,942,619
Total capital assets being depreciated	<u>54,717,394</u>	<u>964,937</u>	<u>120,125</u>	<u>658,467</u>	<u>56,220,673</u>
Less accumulated depreciation for:					
Land improvements	727,896	36,330	-	-	764,226
Buildings and building improvements	3,696,079	345,612	-	-	4,041,691
Equipment and furniture and fixtures	2,298,217	182,261	15,789	-	2,464,689
Vehicles and motorized equipment	3,462,627	422,195	104,336	-	3,780,486
Infrastructure	22,586,861	1,136,164	-	-	23,723,025
Total accumulated depreciation	<u>32,771,680</u>	<u>2,122,562</u>	<u>120,125</u>	<u>-</u>	<u>34,774,117</u>
Total capital assets being depreciated, net	<u>21,945,714</u>				<u>21,446,556</u>
Governmental activity capital assets, net	<u>\$ 24,566,048</u>				<u>\$ 23,414,966</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 96,653
Public safety	480,402
Transportation	1,221,270
Environmental protection	4,598
Cultural and recreational	268,734
Depreciation on capital assets held in Garage Fund charged to functions based on usage	20,375
Depreciation on capital assets held in Asset Services Management Fund charged to functions based on usage	<u>30,530</u>
Total depreciation expense	<u>\$2,122,562</u>

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-type activities:					
<i>Electric Fund</i>					
Capital assets not being depreciated:					
Land	\$ 230,058	\$ -	\$ -	\$ -	\$ 230,058
Construction in process	-	-	-	-	-
Total capital assets not being depreciated	230,058	-	-	-	230,058
Capital assets:					
Buildings and building improvements	22,997	-	-	-	22,997
Equipment and furniture and fixtures	144,242	50,896	-	-	195,138
Vehicles and motorized equipment	767,169	-	-	-	767,169
Substations, lines, and related equipment	7,081,508	-	-	-	7,081,508
Total capital assets being depreciated	8,015,916	50,896	-	-	8,066,812
Less accumulated depreciation for:					
Buildings and building improvements	20,714	481	-	-	21,195
Equipment and furniture and fixtures	127,203	10,227	-	-	137,430
Vehicles and motorized equipment	517,316	44,159	-	-	561,475
Substations, lines, and related equipment	3,753,009	210,661	-	-	3,963,670
Total accumulated depreciation	4,418,242	265,528	-	-	4,683,770
Total capital assets being depreciated, net	3,597,674				3,383,042
Electric fund capital assets, net	3,827,732				3,613,100
 <i>Water Fund</i>					
Capital assets not being depreciated:					
Land	1,486,362	-	-	-	1,486,362
Construction in process	-	-	-	-	-
Total capital assets not being depreciated	1,486,362	-	-	-	1,486,362
Capital assets being depreciated:					
Land improvements	83,691	-	-	-	83,691
Buildings and building improvements	1,818,427	-	-	-	1,818,427
Equipment and furniture and fixtures	395,731	2,838	-	-	398,569
Vehicles and motorized equipment	564,067	49,881	16,814	-	597,134
Plant and system distributions	22,878,490	483,326	-	-	23,361,816
Total capital assets being depreciated	25,740,406	536,045	16,814	-	26,259,637
Total Capital Assets	27,226,768	536,045	16,814	-	27,745,999
Less accumulated depreciation for:					
Land improvements	24,379	3,834	-	-	28,213
Buildings and building improvements	1,063,096	27,720	-	-	1,090,816
Equipment and furniture and fixtures	273,086	28,045	-	-	301,131
Vehicles and motorized equipment	377,555	34,264	16,814	-	395,005
Plant and system distributions	11,131,339	487,447	-	-	11,618,786
Total accumulated depreciation	12,869,455	581,310	16,814	-	13,433,951
Total capital assets being depreciated, net	12,870,951				12,825,686
Water fund capital assets, net	14,357,313				14,312,048

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Sewer Fund					
Capital assets not being depreciated:					
Land	110,500	-	-	-	110,500
Construction in process	-	-	-	-	-
Total capital assets not being depreciated	110,500	-	-	-	110,500
Capital assets being depreciated:					
Land improvements	57,329	-	-	-	57,329
Buildings and building improvements	8,615,022	48,422	-	-	8,663,444
Equipment and furniture and fixtures	307,811	69,183	-	-	376,994
Vehicles and motorized equipment	412,406	191,605	-	-	604,011
Plant and system distributions	9,404,836	14,380	-	-	9,419,216
Total capital assets being depreciated	18,797,404	323,590	-	-	19,120,994
Less accumulated depreciation for:					
Land improvements	9,049	2,817	-	-	11,866
Buildings and building improvements	6,406,293	180,226	-	-	6,586,519
Equipment and furniture and fixtures	269,790	10,131	-	-	279,921
Vehicles and motorized equipment	246,557	27,567	-	-	274,124
Plant and system distributions	4,619,516	183,117	-	-	4,802,633
Total accumulated depreciation	11,551,205	403,858	-	-	11,955,063
Total capital assets being depreciated, net	7,246,199				7,165,931
Sewer fund capital assets, net	7,356,699				7,276,431
Business-type activities capital assets, net	\$ 25,541,744				\$ 25,201,579

Construction commitments

The Town has active construction projects as of June 30, 2015. At year-end, the Town's commitments with contractors are as follows:

Project	Spent To-Date	Remaining Commitment
Water Plant Mixing Equipment Installation	\$ -	\$ 46,555

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	\$ 509,646		\$ -	\$ -	\$ 509,646
Capital assets being depreciated:					
New Facility	787,677	5,571	-	-	793,248
Furniture and equipment	131,349	1,715	-	-	133,064
Total capital assets being depreciated	919,026	7,286	-	-	926,312
Less accumulated depreciation					
New Facility	14,769	19,909	-	-	34,678
Furniture and equipment	23,027	12,203	-	-	35,230
Total accumulated depreciation	37,796	32,112	-	-	69,908
Total capital assets being depreciated, net	881,230				856,404
ABC capital assets, net	<u>\$ 1,390,876</u>				<u>\$ 1,366,050</u>

B. Liabilities**1. Payables**

Payables at the government-wide level at June 30, 2015, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 380,199	\$ 292,955	\$ 7,218	\$ 680,372
Asset Services Management	57,439	22,971	-	80,410
Other Governmental	4,504	3,162	-	7,666
Total Governmental Activities	<u>\$ 442,142</u>	<u>\$ 319,088</u>	<u>\$ 7,218</u>	<u>\$ 768,448</u>
Business-type Activities:				
Water	\$ 29,071	\$ 23,080	\$ -	\$ 52,151
Sewer	45,606	22,288	23,000	90,894
Electric	447,925	10,344	-	458,269
Total Business-type Activities:	<u>\$ 522,602</u>	<u>\$ 55,712</u>	<u>\$ 23,000</u>	<u>\$ 601,314</u>

2. Pension Plan and Postemployment Obligations**a. Local Governmental Employees' Retirement System***Plan Description.*

The Town of Waynesville and the ABC Board are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Waynesville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Waynesville's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Waynesville were \$466,179 for the year ended June 30, 2015.

Refunds of Contributions – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service

termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Town reported an asset of \$662,580 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the Town's proportion was 0.11235%, which was a decrease of 0.75% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$41,479. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 72,398
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,542,471
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	245
Town contributions subsequent to the measurement date	466,179	-
Total	<u>\$ 466,179</u>	<u>\$ 1,615,114</u>

\$466,179 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (403,824)
2017	(403,824)
2018	(403,824)
2019	(403,642)
2020	-
Thereafter	-
	<u>\$ (1,615,114)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 3.0 percent
 Salary increases 4.25 to 8.55 percent, including inflation and productivity factor
 Investment rate of return 7.25 percent, net of pension plan investment expense, including inflation
 The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	36.00%	2.50%
Global Equity	40.50%	6.10%
Real Estate	8.00%	5.70%
Alternatives	6.50%	10.50%
Credit	4.50%	6.80%
Inflation Protection	4.50%	3.70%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made

at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	\$2,249,083	\$(662,580)	\$(3,114,106)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Law Enforcement Officers Special Separation Allowance

1. *Plan Description.*

The Town of Waynesville administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitles to but not yet receiving benefits	0
Active plan members	37
Total	<u>42</u>

A separate report was not issued for the plan.

2. *Summary of Significant Accounting Policies:*

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

Method Used to Value Investment. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

3. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00 percent investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25 percent to 7.85 percent per year. Both (a) and (b) included an inflation component of 3.00 percent. The assumptions did not include post-retirement benefit increases.

Annual Pension Cost and Net Pension Obligation. The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 85,649
Interest on net pension obligation	22,131
Adjustment to annual required contribution	(37,390)
Annual pension cost	70,390
Contributions made	(66,204)
Increase (decrease) in net pension obligation	4,186
Net pension obligation beginning of year	442,615
Net pension obligation end of year	<u>\$ 446,801</u>

3 Year Trend Information

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2013	\$ 60,548	44.49%	\$ 435,470
2014	\$ 57,912	87.66%	\$ 442,615
2015	\$ 70,390	94.05%	\$ 446,801

4. Funding Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$636,085. The

covered payroll (annual payroll of active employees covered by the plan) was \$1,646,225, and the ratio of the UAAL to the covered payroll was 38.64 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$125,385 which consisted of \$77,114 from the Town and \$48,271 from the law enforcement officers.

d. Supplemental Retirement Income Plan for General Employees

Plan Description. The Town has elected, effective January 1, 2004, to contribute to the Supplemental Retirement Income Plan (Plan) for general employees in addition to law enforcement officers.

Funding Policy. Effective January 1, 2004, the Town commenced contributions of 3 percent for all covered employees. Effective January 1, 2005, this percentage increased to 5 percent. Contributions for the year ended June 30, 2015 were \$354,558, which consisted of \$228,120 from the Town and \$126,438 from the general employees.

e. Firefighter's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Waynesville, to the Firefighter's and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The FRSWPF provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State superintendent, who serve as ex-officio members. The Firefighter's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The Town of Waynesville pays the expense for each plan member. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly. For the fiscal year ending June 30, 2014, the State contributed \$14,627,000 to the plan. The Town's proportionate share of the State's contribution and the liabilities and expenses related to the FRSWPF are considered immaterial to the Town.

Refunds of Contributions. Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the Town and supported by the State was \$6,490. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2015 and at June 30, 2014 was 0%.

At June 30, 2015, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	Not applicable
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was

projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

f. Other Postemployment Benefits

Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) or Law Enforcement Officers Retirement System and meet the requirements enumerated below. The Town pays the full cost of coverage for these benefits through private insurers. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates. The Town reserves the right to change benefits at its discretion without prior notice to retirees. A separate report was not issued for the plan. A retiree shall receive health insurance coverage under the following conditions:

Health Insurance for Retirees (Amended 02-10-2015)

Retirees must meet the NC Local Governmental Employees Retirement System (NCLGERS) or the NC Law Enforcement Officers Retirement System's (NCLEORS) eligibility guidelines for retirement.

1. A Retiree who has achieved at least ten (10) or more consecutive years of service with the Town, not including any accumulated sick or vacation time, and has reached 55 years of age, will receive health insurance coverage, at no cost to the retiree, until the retiree reaches Medicare eligibility through age or disability.
2. A Retiree of any age, who has achieved thirty (30) or more years of creditable service under the NCLGERS or the NCLEORS, with at least half of that time (15 or more years) having been in active service with the Town of Waynesville, will receive health insurance coverage, at no cost to the retiree, from the date of separation from the Town of Waynesville, regardless of age at the time of separation, until the retiree becomes Medicare eligible through age or disability.

When the retiree and/or spouse reach the age of 65 and the Town's regular health insurance coverage terminates, the retiree may have the option of purchasing Medicare supplement insurance, if available through the Town's insurance program. The retiree and/or spouse would be responsible for the full cost of Medicare supplemental insurance premium.

Membership of the HCB Plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

	General	Law
	Employees	Enforcement Officers
Retirees and dependents receiving benefits	12	7
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	122	42
Total	<u>134</u>	<u>49</u>

Funding Policy. The Town pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a Town resolution that can be amended by the Town's Board of Aldermen. The Town's retirees may elect to pay for dependent coverage: \$263.91 for a child, \$556.73 for a spouse, or \$847.72 for a family. The Town has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 6.26 percent of annual covered payroll. For the current year, the Town contributed \$164,244 or 2.79 percent of annual covered payroll. The Town obtains healthcare coverage through private insurers. The Town's required OPEB contributions, under a Town resolution, for employees not engaged in law enforcement and for law enforcement officers represented 2.093 percent and 0.698 percent of covered payroll, respectively. The Town's contributions totaled \$164,244 in fiscal year 2015. There were no contributions made by retired employees in the current year. The Town's obligation to contribute to HCB Plan is established and may be amended by the Town's Board of Aldermen.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the fund from which the employee retired and are recorded on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The Town's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 366,213
Interest on net OPEB obligation	48,334
Adjustment to annual required contribution	<u>(46,174)</u>
Annual OPEB cost (expense)	\$ 368,373
Contributions made	<u>(164,244)</u>
Increase (decrease) in net OPEB obligation	204,129
Net OPEB obligation, beginning of year	<u>1,208,346</u>
Net OPEB obligation, end of year	<u>\$ 1,412,475</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2015 were as follows:

<u>3 Year Trend Information</u>			
<u>For Year Ended</u> <u>June 30</u>	<u>Annual OPEB</u> <u>Cost (AOC)</u>	<u>Percentage of</u> <u>AOC Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2013	\$ 383,495	31.7%	\$ 1,018,200
2014	\$ 357,367	34.0%	\$ 1,208,346
2015	\$ 368,373	44.6%	\$ 1,412,475

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$3,813,656. The covered payroll (annual payroll of active employees covered by the plan) was \$5,881,430, and the ratio of the UAAL to the covered payroll was 64.8 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and a pre-Medicare trend rate of 8.5 to 5.0 percent annually. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012, was 30 years.

3. Other Employment Benefit

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial. The Town provides additional death benefits to employees through its group health insurance plan.

For the fiscal year ended June 30, 2015, the Town made contributions to the State for death benefits of \$0. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

<u>No. Years Contributing</u>	<u>Years Relief</u>	<u>FY Contributions Resume</u>
10 – 20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. The Town will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

4. Deferred Compensation Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, and rights (until paid or made available to the employee or other beneficiary) are solely the property and rights of the Town (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Town's general creditors. Participants' rights under the plan are equal to those of the general creditors of the Town in an amount equal to the fair market value of the deferred account for each participant.

In accordance with IRS Regulations, the funds are placed with a third party trustee and accordingly are not included in the financial statements of the Town.

5. Deferred Outflows/Inflows of Resources

The Town has one deferred outflow comprised of contributions to the pension plan in current fiscal year of \$466,179.

Deferred inflows of resources year-end is comprised of the following:

Prepaid taxes not yet earned (General Fund)	\$	26,293
Taxes receivable, net (General Fund)	\$	477,445
Grants received in advance (General Fund)	\$	77,889
Pension deferrals	\$	1,615,114

6. Commitments

The Town had commitments of \$55,813 in its proprietary funds and \$5,351 in its general funds at June 30, 2015. These items will be funded from operating funds.

The Town held cash performance bonds with a balance at June 30, 2015 of \$18,760 from real estate developers for improvements to be made within the developments. In the Town's opinion, the bond money will be more than sufficient to cover all costs that the Town will incur.

During the prior year, the Town entered into an IT Services contract that includes IT support and computer equipment rental for a five year period, January 2014 through December 2018, with a monthly payment of approximately \$22,297. The monthly payment varies based on the number of employees using the service. Additionally, the Town pays for hosting, licenses, and faxing capabilities. The expense for the years ended June 30, 2015 and 2014 was \$113,971 and \$269,305, respectively.

Future minimum annual services agreement and computer rental payments for this IT Services contract are as follows:

Years ended June 30:

2016	267,564
2017	267,564
2018	267,564
2019	133,782
	<u>\$ 936,474</u>

The Town has entered into a lease for equipment with a monthly payment of \$4,221. Equipment lease expense for the years ended June 30, 2015 and 2014 was \$50,654 and \$50,654, respectively.

Future minimum annual equipment lease payments are as follows:

Years ended June 30:

2016	50,654
2017	50,654
2018	33,769
	<u>\$ 135,077</u>

7. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past five fiscal years.

The Town does not carry flood insurance because it is not located in an area that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency.

In accordance with G.S. 159-29, the Town's employees that have access at any given time to \$100 or more of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$120,000, the tax collector is individually bonded for \$100,000, and elected officials are bonded for \$1 million per claim with an annual aggregate limit of \$3 million. The remaining employees that have access to funds are bonded under a blanket bond up to a limit of between \$5,000 and \$125,000 per occurrence, depending on the type of crime.

8. Claims, Judgments and Contingent Liabilities

Periodically, the Town has been a defendant to various lawsuits. The town has set up a contingent liability, in the amount of \$10,000, for legal claims. At June 30, 2015, there was one lawsuit against the Town of Waynesville.

9. Notes Payable

On February 20, 2014, the Town entered into an agreement with a local bank for \$825,650 to purchase fifteen police service vehicles and equipment, two fire service vehicles and equipment and two administrative service vehicles and equipment. The installment contract agreement requires five annual payments of \$172,084 at 1.40% annual rate of interest. At June 30, 2015, the funds had not been released from escrow. Therefore, this loan is being reported as a note payable. Annual payments began February 20, 2015. This note is being shown under governmental activities and the balance was \$664,696 at June 30, 2015.

10. Long-Term Obligations

a. Installment Purchases, Interlocal Agreement and Construction Financing

On March 14, 2014, the Town entered into an installment purchase contract for \$329,868 to fund the purchase of radio read water meters. The financing agreement requires twenty annual payments of \$16,493 at a zero percent interest rate. The loan is shown under business-type activities and the balance was \$313,375 at June 30, 2015.

On February 26, 2013, the Town entered into an installment purchase contract for \$441,450 to fund the purchase of a fire truck and related equipment. The financing agreement requires ten annual payments of \$48,722 at an interest rate of 1.835 percent. Interest expense for the year ended June 30, 2015 was \$7,097. This loan is shown under governmental activities and the balance was \$359,462 at June 30, 2015.

On September 18, 2012, the Town entered into a \$326,000 installment purchase contract to fund the purchase of a garbage truck and a bucket truck. The financing contract requires four annual payments of \$84,931 with an interest rate of 1.67 percent. Interest expense for the year ended June 30, 2015 totaled \$3,062, with \$1,196 recorded in the governmental activities and \$1,866 recorded in the business-type activities. The portion of the loan for the garbage truck is shown under governmental activities and the balance was \$64,772 at June 30, 2015. The portion representing the Electric Department bucket truck is shown under business-type activities and the balance was \$100,927 at June 30, 2015.

On October 31, 2011, the Town entered into an installment purchase contract with North Carolina Department of Environmental and Natural Resources for \$260,563 to fund the construction of water lines and improved water service to the Eagles Nest community. The financing agreement requires ten annual payments of \$26,056 at zero percent interest. This loan is shown under business-type activities and the balance was \$156,338 at June 30, 2015.

On December 20, 2010, the Town entered into an installment purchase contract for \$240,000 to fund the purchase of a garbage truck and two street trucks. The financing requires four annual payments of \$54,091 at an interest rate of 2.07 percent. Interest expense for the year ended June 30, 2015 was \$631. This loan was paid in full at June 30, 2015.

Effective November 1, 2010, the Town entered into an installment purchase contract with North Carolina Department of Environmental and Natural Resources (NCDENR) in the amount of \$904,740 to replace water lines in the Dayton Drive community. The principal sum is to be repaid in twenty annual installments of \$45,237 each, beginning May 1, 2013. The interest rate is 2.22 % and is to be paid in forty semi-annual payments beginning November 1, 2012. The initial interest payment was calculated to include the period September 15, 2010 through November 1, 2012. Interest expense for the year ended June 30, 2015 was \$17,914. This loan is shown under business-type activities and the balance was \$769,029 at June 30, 2015.

On September 24, 2010, the Town entered into an installment purchase contract for \$397,600 to fund the purchase of a fire truck and related equipment. The financing agreement requires ten annual payments of \$45,488 at an interest rate of 2.56 percent. Interest expense for the year ended June 30, 2015 was \$6,549. This loan is shown under governmental activities and the balance was \$250,052 at June 30, 2015.

On December 11, 2009, the Town entered into a \$414,800 installment purchase contract to acquire a sewer jet truck, a backhoe, and eight police cars. The financing contract requires five annual payments of \$52,045 with an interest rate of 3.065 percent for the sewer jet truck and the backhoe and three annual payments of \$61,861 with an interest rate of 2.725 percent for the police cars. Interest expense for the year ended June 30, 2015 totaled \$471, with \$0 recorded in the governmental activities and \$471 recorded in the business-type activities. The portion of the loan for the police cars under governmental activities was paid in full at June 30, 2013. The portion representing the sewer jet truck and back hoe under business-type activities was paid in full at June 30, 2015.

On September 26, 2008, the Town entered into an installment purchase contract with USDA Rural Development for \$2,000,000 to refinance the construction loan on the new fire station. The financing contract requires forty annual payments of \$108,700 at an interest rate of 4.5 percent. Interest expense for the year ended June 30, 2015 was \$84,600. This loan is shown under governmental activities and the balance was \$1,874,394 at June 30, 2015.

On July 17, 2008, the Town entered into an installment purchase contract to fund the construction of a second electric substation. The contract, as refinanced, requires annual payments of \$298,254 at an interest rate of 2.18 percent. Interest expense for the year ended June 30, 2015 was \$42,801. This loan is shown under business-type activities and the balance was \$1,655,119 at June 30, 2015.

On May 13, 2008, the Town entered into an installment purchase contract for \$3,000,000 to fund the construction of a new Police Station. The financing requires forty semi-annual payments of \$105,669 with an interest rate of 3.58 percent. Interest expense for the year ended June 30, 2015 was \$80,982. This loan is shown under governmental activities and the balance was \$2,181,416 at June 30, 2015.

On July 19, 2007, the Town entered into an installment purchase contract to expand the water treatment lab facilities. The financing contract requires sixteen semi-annual payments of \$25,635 with an interest rate of

3.86 percent. Interest expense for the year ended June 30, 2014 was \$1,546. This loan is shown under business-type activities and the balance was \$25,149 at June 30, 2015.

On February 15, 2007, the Town entered into a second installment purchase contract for \$1,000,000 to finance the construction of a new Fire Station. The contract, as refinanced, requires fifteen semi-annual fixed principal payments of \$33,333 plus interest at the rate of 2.38 percent. Interest expense for the year ended June 30, 2015 was \$13,806. This loan is shown under governmental activities and the balance was \$466,667 at June 30, 2015.

In January 2003, the Town entered into an interlocal agreement with Haywood County to assist the County with its payment for the construction of a new parking facility. The agreement, as refinanced, requires annual payments of \$217,573 with an interest rate of 1.64 percent. Interest expense for the year ended June 30, 2015 was \$10,500. This loan is shown under governmental activities and the balance was \$631,881 at June 30, 2015. The Town of Waynesville does not hold title to this asset.

In October 1998, the Town entered into an installment purchase contract to build a new recreation facility center. The contract, as refinanced, requires semi-annual payments of \$181,563 at an interest rate of 3.1 percent. Interest expense for the year ended June 30, 2015 was \$45,019. This loan is shown under governmental activities and the balance was \$1,195,498 at June 30, 2015.

The future minimum payments of these installment purchase contracts and agreements as of June 30, 2015, are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	874,476	231,047	419,609	60,868
2017	896,485	207,449	406,434	47,405
2018	885,861	183,289	361,390	39,714
2019	509,415	159,012	367,354	32,745
2020	339,195	146,084	373,449	25,646
2021-2025	1,347,451	581,690	626,599	56,576
2026-2030	803,004	374,506	308,653	25,107
2031-2035	257,826	285,674	156,450	3,013
2036-2040	321,299	222,201	-	-
2041-2045	400,396	143,104	-	-
2046-2050	388,734	44,599	-	-
Total	<u>\$ 7,024,142</u>	<u>\$2,578,655</u>	<u>\$3,019,938</u>	<u>\$291,074</u>
Less: current portion	<u>(874,476)</u>		<u>(419,609)</u>	
Long-term portion	<u>\$ 6,149,666</u>		<u>\$2,600,329</u>	

b. General Obligation Bonds

At June 30, 2015, the Town of Waynesville had a legal debt margin of \$85,688,487.

c. Changes in General Long-Term Debt

	Balance			Balance	Current Portion
	June 30, 2014	Increases	Decreases	June 30, 2015	of Balance
Governmental activities:					
Installment purchases	\$ 7,929,985	\$ -	\$ 905,843	\$ 7,024,142	\$ 874,476
Unfunded pension liabilities	442,615	4,186	-	446,801	-
Legal Claims	10,000	-	-	10,000	-
Other postemployment benefits	939,824	232,604	76,838	1,095,590	-
Net Pension Liability	1,086,365	-	1,086,365	-	-
Compensated absences-asset svc mgmt	10,550	69,589	49,512	30,627	30,627
Compensated absences-garage	8,902	3,687	7,193	5,396	5,396
Compensated absences	394,795	131,344	168,589	357,550	168,589
Governmental activity long-term liabilities	<u>\$ 10,823,036</u>	<u>\$ 441,410</u>	<u>\$ 2,294,340</u>	<u>\$ 8,970,106</u>	<u>\$ 1,079,088</u>

	Balance			Balance	Current Portion
	June 30, 2014	Increases	Decreases	June 30, 2015	of Balance
Business-type activities:					
<i>Electric Fund</i>					
Installment purchases	\$ 2,049,240	\$ -	\$ 293,193	\$ 1,756,047	\$ 306,673
Other postemployment benefits	49,261	15,713	6,885	58,089	-
Net Pension Liability	96,560	-	96,560	-	-
Compensated absences	18,590	12,924	9,739	21,775	9,739
<i>Total activity Electric Fund</i>	<u>\$ 2,213,651</u>	<u>\$ 28,637</u>	<u>\$ 406,377</u>	<u>\$ 1,835,911</u>	<u>\$ 316,412</u>
<i>Water Fund</i>					
Installment purchases	\$ 1,409,238	\$ -	\$ 145,347	\$ 1,263,891	\$ 112,936
Other postemployment benefits	115,494	23,437	6,885	132,046	-
Net Pension Liability	129,877	-	129,877	-	-
Compensated absences	27,006	31,165	22,360	35,811	22,360
<i>Total activity Water Fund</i>	<u>\$ 1,681,615</u>	<u>\$ 54,602</u>	<u>\$ 304,469</u>	<u>\$ 1,431,748</u>	<u>\$ 135,296</u>
<i>Sewer Fund</i>					
Installment purchases	\$ 41,816	\$ -	\$ 41,816	\$ -	\$ -
Other postemployment benefits	103,766	49,356	26,371	126,751	-
Net Pension Liability	51,694	-	51,694	-	-
Compensated absences	36,235	34,974	31,347	39,862	31,347
<i>Total activity Sewer Fund</i>	<u>233,511</u>	<u>84,330</u>	<u>151,228</u>	<u>166,613</u>	<u>31,347</u>
Business-type activity long-term liabilities	<u>\$ 4,128,777</u>	<u>\$ 167,569</u>	<u>\$ 862,074</u>	<u>\$ 3,434,272</u>	<u>\$ 483,055</u>

Compensated absences for governmental activities typically have been liquidated in the general fund.

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2015, consist of the following:

Due to the Town from the component unit, ABC Board	<u>\$13,056</u>
Due from the Asset Services Management Fund for its activity allocation to the Governmental Funds	<u>\$ 1,798</u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers to/from other funds at June 30, 2015 consist of the following:

From the Water Fund to the General Fund - payment in lieu of taxes	\$ 112,020
From the Sewer Fund to the General Fund - payment in lieu of taxes	87,820
From the Electric Fund to the General Fund - payment in lieu of taxes	1,275,600
From the Sewer Fund to the Electric Fund - reimbursement for a prior year transfer	555,000
From the component unit, ABC Board, to the Town	46,489
Total	<u>\$2,076,929</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs.

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 23,414,966	\$ 25,201,579
less: long-term debt	6,392,261	3,019,938
add: unexpended debt proceeds	-	-
Net Investment in Capital Assets	<u>\$ 17,022,705</u>	<u>\$ 22,181,641</u>

E. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 7,082,825
Less:	
Prepaid Items	16,726
Inventories	5,570
Stabilization by State Statute	1,488,081
Streets - Powell Bill	467,864
Appropriated Fund Balance in 2015 budget	996,660
Public Safety	108,700
Working capital / Fund Balance Policy	-
Remaining Fund Balance	<u>\$ 3,999,224</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Encumbrances	General Fund	Non-Major Funds
	\$5,350	\$0

IV. Related Organization

The five-member board of the Town of Waynesville Housing Authority is appointed by the mayor of the Town of Waynesville. The Town is accountable for the Housing Authority because it appoints the governing board; however, the Town is not financially accountable for the Housing Authority. The Town of Waynesville is also disclosed as a related organization in the notes to the financial statements for the Town of Waynesville Housing Authority. Complete financial statements for the Housing Authority can be obtained from the Authority at P. O. Box 418, Waynesville, NC 28786.

V. Summary Disclosure of Significant Contingencies**Federal and State Assisted Programs**

The Town has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

VI. Significant Effects of Subsequent Events

Subsequent events have been evaluated through October 23, 2015, which is the date the audit report was available to be issued.

VII. Change in Accounting Principles/Restatement

The Town implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Town to record beginning net pension liability and the effects on net position of contributions made by the Town during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$725,350 and \$185,705, respectively.

Town of Waynesville, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2008	-	478,456	478,456	0%	1,387,023	34.50%
12/31/2009	-	624,526	624,526	0%	1,421,861	43.92%
12/31/2010	-	532,666	532,666	0%	1,431,067	37.22%
12/31/2011	-	593,795	593,795	0%	1,385,311	42.86%
12/31/2012	-	625,961	625,961	0%	1,530,326	40.90%
12/31/2013	-	668,698	668,698	0%	1,561,997	42.81%

Town of Waynesville, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	51,809	31.68%
2010	58,273	29.55%
2011	67,744	25.42%
2012	57,738	43.17%
2013	60,548	44.49%
2014	57,912	87.66%
2015	70,390	94.05%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% to 7.85%
*Includes inflation at	3.00%
Cost-of living adjustments	N/A

Town of Waynesville, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2008	-	2,569,013	2,569,013	0%	5,357,074	48.0%
12/31/2010	-	3,819,419	3,819,419	0%	6,038,837	63.2%
12/31/2012	-	3,813,656	3,813,656	0%	5,881,430	64.8%

Town of Waynesville, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	248,312	4.63%
2010	248,312	4.63%
2011	258,260	4.28%
2012	372,325	6.17%
2013	383,495	6.52%
2014	355,547	6.08%
2015	366,213	6.27%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of Pay, open
Remaining amortization period	30 Years
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical Cost Trend Rate	8.50% - 5.00%
Year of Ultimate Trend Rate	2018
*Includes inflation at	3.00%
Cost-of living adjustments	None

Town of Waynesville
Schedule of Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Two Fiscal Years*

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Waynesville's proportion of the net pension liability (asset) (%)	(0.11235%)	0.11320%
Waynesville's proportion of the net pension liability (asset) (\$)	\$ (662,580)	\$ 1,364,495
Waynesville's covered-employee payroll	\$ 6,490,657	\$ 6,367,343
Waynesville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(10.21%)	21.43%
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

Town of Waynesville
Schedule of Contributions
Required Supplementary Information
Last Two Fiscal Years

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 464,194	\$ 453,486
Contributions in relation to the contractually required contribution	<u>464,194</u>	<u>453,486</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Waynesville's covered-employee payroll	\$ 6,490,657	\$ 6,367,343
Contributions as a percentage of covered-employee payroll	7.15%	7.12%

Town of Waynesville, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015

	2015		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ -	\$ 5,160,775	\$ -
Penalties and interest	-	41,644	-
Total	<u>5,082,830</u>	<u>5,202,419</u>	<u>119,589</u>
Other taxes and licenses:			
Local option sales tax	-	2,424,827	-
Gross receipts tax on short-term rental property	-	23,347	-
Privilege licenses and CATV	-	258,854	-
Total	<u>2,507,220</u>	<u>2,707,028</u>	<u>199,808</u>
Unrestricted intergovernmental:			
Utility sales tax	-	835,302	-
Beer and wine tax	-	46,830	-
ABC profit distribution	-	46,489	-
Total	<u>705,200</u>	<u>928,621</u>	<u>223,421</u>
Restricted intergovernmental:			
Powell Bill allocation	-	342,170	-
Investment earnings	-	328	-
On-behalf of payments - Fire and Rescue	-	8,800	-
ABC Revenue for law enforcement	-	7,411	-
Other grant revenue	-	29,000	-
Total	<u>380,350</u>	<u>387,709</u>	<u>7,359</u>
Permits and fees:			
Building permits and inspection fees	-	128,286	-
Reconnect fees	-	90,500	-
Total	<u>177,600</u>	<u>218,786</u>	<u>41,186</u>

cont.

Town of Waynesville, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015

	2015		Variance
	Budget	Actual	Positive (Negative)
Sales and services:			
Recreation department fees	-	744,323	-
Cemetery revenues	-	23,400	-
Solid waste container sales	-	27,085	-
Fire protection	-	263,609	-
Police contract services	-	61,668	-
Sanitation fee	-	827,197	-
Court costs and fees	-	2,600	-
Rents	-	38,207	-
Total	2,071,060	1,988,089	(82,971)
Investment earnings	-	3,548	3,548
Miscellaneous	155,350	54,041	(101,309)
Total revenues	11,079,610	11,490,241	410,631
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	-	85,882	-
Other operating expenditures	-	49,939	-
Reimbursement - proprietary funds	-	(65,140)	-
Total	87,010	70,681	16,329
Administration:			
Salaries and employee benefits	-	399,244	-
Professional services	-	85,172	-
Other operating expenditures	-	186,224	-
Capital outlay	-	-	-
Reimbursement - proprietary funds	-	(328,570)	-
Total	457,270	342,070	115,200
Finance:			
Salaries and employee benefits	-	559,515	-
Professional services	-	52,556	-
Other operating expenditures	-	196,183	-
Capital outlay	-	8,583	-
Reimbursement - proprietary funds	-	(470,010)	-
Total	387,800	346,827	40,973

cont.

Town of Waynesville, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015

	2015		Variance Positive (Negative)
	Budget	Actual	
Planning and code enforcement:			
Salaries and employee benefits	-	366,663	-
Other operating expenditures	-	75,889	-
Capital Outlay	-	-	-
Total	541,480	442,552	98,928
Special appropriations:			
Contributions	-	273,772	-
Total	325,110	273,772	51,338
Total general government	1,798,670	1,475,902	322,768
Public safety:			
Police:			
Salaries and employee benefits	-	2,918,816	-
Professional services	-	14,800	-
Other operating expenditures	-	777,609	-
Capital outlay	-	56,724	-
Total	4,156,100	3,767,949	388,151
Fire:			
Salaries and employee benefits	-	713,757	-
Professional services	-	8,925	-
Other operating expenditures	-	324,060	-
Building inspection and EMT's	-	5,854	-
Capital outlay	-	21,260	-
Total	1,148,200	1,073,856	74,344
Total public safety	5,304,300	4,841,805	462,495
Transportation:			
Streets and highways:			
Salaries and employee benefits	-	1,046,881	-
Professional services	-	13,757	-
Other operating expenditures	-	1,152,908	-
Contracted services	-	258,603	-
Capital outlay	-	394,024	-
Total transportation	3,195,930	2,866,173	329,757

cont.

Town of Waynesville, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015

	2015		Variance Positive (Negative)
	Budget	Actual	
Environmental protection:			
Cemetery:			
Salaries and employee benefits	-	87,401	-
Other operating expenditures	-	30,384	-
Capital outlay	-	-	-
Total environmental protection	<u>160,060</u>	<u>117,785</u>	<u>42,275</u>
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits	-	1,067,415	-
Other operating expenditures	-	653,229	-
Capital outlay	-	198,483	-
Total culture and recreation	<u>2,008,730</u>	<u>1,919,127</u>	<u>89,603</u>
Debt service:			
Principal retirement	-	1,066,797	-
Interest and other charges	-	275,394	-
Total debt service	<u>1,348,200</u>	<u>1,342,191</u>	<u>6,009</u>
Total expenditures	<u>13,815,890</u>	<u>12,562,983</u>	<u>1,252,907</u>
Revenues over (under) expenditures	<u>(2,736,280)</u>	<u>(1,072,742)</u>	<u>1,663,538</u>
Other financing sources (uses):			
Transfers from other funds:			
Enterprise Funds	1,485,440	1,475,440	
Appropriations from fund balance	<u>1,250,840</u>	<u>-</u>	
Total	<u>\$ 2,736,280</u>	<u>1,475,440</u>	<u>\$ (1,260,840)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>402,698</u>	<u>\$ 402,698</u>
Fund balances:			
Beginning of year, July 1		<u>6,680,127</u>	
End of year, June 30		<u>\$ 7,082,825</u>	

**Town of Waynesville
Combining Balance Sheet
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015**

	Public Buildings Project Fund	Perpetual Care/ Cemetery Care Fund	Community Playground Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 247,719	\$ 344,771	\$ -	\$ 592,490
Accounts and interest receivable	-	44	-	44
Due from other governments	-	-	-	-
Total assets	\$ 247,719	\$ 344,815	\$ -	\$ 592,534
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Fund balances:				
Nonspendable-perpetual maintenance	-	344,815	-	344,815
Restricted-Cultural and Recreation	-	-	-	-
Committed-General Government	247,719	-	-	247,719
Total fund balances	247,719	344,815	-	592,534
Total liabilities and fund balances	\$ 247,719	\$ 344,815	\$ -	\$ 592,534

Town of Waynesville
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	Public Buildings Project Fund	Perpetual Care/ Cemetery Care Fund	Community Playground Fund	Total Nonmajor Governmental Funds
Revenues:				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -
Sales and services	-	41,000	-	41,000
Miscellaneous revenue	-	224	5	229
Total revenues	-	41,224	5	41,229
Expenditures:				
Cultural and recreation	-	-	7,396	7,396
General government	-	-	-	-
Total expenditures	-	-	7,396	7,396
Revenues over (under) expenditures	-	41,224	(7,391)	33,833
Other financing sources:				
Transfers from other funds:				
General Fund	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	41,224	(7,391)	33,833
Fund balances:				
Beginning of year, July 1	247,719	303,591	7,391	558,701
End of year, June 30	\$ 247,719	\$ 344,815	\$ -	\$ 592,534

Town of Waynesville, North Carolina
Public Buildings Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2015

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Miscellaneous income	\$ 96,400	\$ 96,406	\$ -	\$ 96,406	\$ (6)
Investment earnings	-	-	-	-	-
Total revenues	<u>96,400</u>	<u>96,406</u>	<u>-</u>	<u>96,406</u>	<u>(6)</u>
Expenditures:					
Capital outlay					
Public Building Renovations:					
Capital Improvments	771,790	524,077	-	524,077	247,713
Equipment and furniture	-	-	-	-	-
Contingency	-	-	-	-	-
Total public building renovations	<u>771,790</u>	<u>524,077</u>	<u>-</u>	<u>524,077</u>	<u>247,713</u>
Revenues over (under) expenditures	<u>(675,390)</u>	<u>(427,671)</u>	<u>-</u>	<u>(427,671)</u>	<u>(247,719)</u>
Other financing sources:					
Operating transfer in from General Fund	<u>675,390</u>	<u>675,390</u>	<u>-</u>	<u>675,390</u>	<u>-</u>
Total other financing sources	<u>675,390</u>	<u>675,390</u>	<u>-</u>	<u>675,390</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 247,719</u>	<u>-</u>	<u>\$ 247,719</u>	<u>\$ (247,719)</u>
Fund balances:					
Beginning of year, July 1			247,719		
End of year, June 30			<u>\$ 247,719</u>		

Town of Waynesville, North Carolina
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2015

	2015		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Operating revenues:			
Charges for service	\$ 9,533,880	\$ 8,998,730	\$ (535,150)
Other operating revenue	-	-	-
Total operating revenues	9,533,880	8,998,730	(535,150)
Nonoperating revenues:			
Miscellaneous	-	19,551	-
Total nonoperating revenues	3,000	19,551	16,551
Total revenues	9,536,880	9,018,281	(518,599)
Expenditures:			
Finance and administration:			
Charge for services	681,220	564,100	117,120
Electrical operations:			
Salaries and employee benefits	-	371,931	-
Professional services	-	159,017	-
Maintenance	-	145,753	-
Other departmental expenditures	-	300,858	-
Capital outlay	-	50,896	-
Total	1,343,830	1,028,455	315,375
Electrical power purchases	6,718,570	5,999,434	719,136
Debt service:			
Principal payments	-	293,193	-
Interest and fees	-	69,355	-
Total	362,560	362,548	12
Total expenditures	9,106,180	7,954,537	1,151,643
Revenues over expenditures	430,700	1,063,744	633,044
Other financing sources (uses):			
Transfers to other funds:			
Transfer from Sewer Fund	555,000	555,000	-
Transfer to General Fund	(1,275,600)	(1,275,600)	-
Fund balance appropriated	289,900	-	(289,900)
Total other financing (uses)	(430,700)	(720,600)	(289,900)
Net change in fund balance	\$ -	343,144	\$ 343,144

**Reconciliation from budgetary basis
(modified accrual) to full accrual:**

Reconciling items:	
Principal payments	293,193
Capital outlays	50,896
Depreciation	(265,528)
Decrease in long-term debt accrued interest	24,688
Deferred outflows of resources for contributions made to pension plan in current year	17,661
Pension expense	(1,571)
Increase in OPEB liability	(8,828)
Increase in accrued vacation pay	(3,185)
Total	107,326
Change in net position	\$ 450,470

Town of Waynesville, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2015

	2015		Variance Positive/(Negative)
	Budget	Actual	
Revenues:			
Operating revenues:			
Water charges	\$ -	\$ 2,777,397	\$ -
Taps and connection fees	-	36,850	-
Total operating revenues	<u>2,787,000</u>	<u>2,814,247</u>	<u>27,247</u>
Nonoperating revenues:			
Miscellaneous	-	19,617	-
Total nonoperating revenues	<u>1,500</u>	<u>19,617</u>	<u>18,117</u>
Total revenues	<u>2,788,500</u>	<u>2,833,864</u>	<u>45,364</u>
Expenditures:			
Finance and administration:			
Charge for services	200,130	165,670	34,460
Total	<u>200,130</u>	<u>165,670</u>	<u>34,460</u>
Water maintenance and distribution:			
Maintenance department:			
Salaries and employee benefits	-	287,098	-
Maintenance	-	272,915	-
Professional services	-	2,912	-
Other departmental expenditures	-	264,419	-
Capital outlay	-	420,499	-
Total	<u>1,412,670</u>	<u>1,247,843</u>	<u>164,827</u>
Operations department:			
Salaries and employee benefits	-	440,581	-
Professional services	-	15,376	-
Utilities	-	21,720	-
Maintenance	-	166,976	-
Other departmental expenditures	-	254,685	-
Capital outlay	-	115,546	-
Total	<u>1,224,420</u>	<u>1,014,884</u>	<u>209,536</u>
Total water maintenance and distribution	<u>2,637,090</u>	<u>2,262,727</u>	<u>374,363</u>
Debt service:			
Principal payments	-	145,347	-
Interest and fees	-	21,663	-
Total	<u>167,100</u>	<u>167,010</u>	<u>90</u>
Total expenditures	<u>3,004,320</u>	<u>2,595,407</u>	<u>408,913</u>
Revenues over (under) expenditures	<u>(215,820)</u>	<u>238,457</u>	<u>454,277</u>
Other financing sources (uses):			
Transfers (to)/from other funds:			
Transfer to General Fund	(112,020)	(112,020)	-
Capital contribution	20,000	12,172	(7,828)
Fund balance appropriated	307,840	-	(307,840)
Total other financing (uses)	<u>215,820</u>	<u>(99,848)</u>	<u>(295,668)</u>
Net change in fund balance	<u>\$ -</u>	<u>138,609</u>	<u>\$ 158,609</u>

Reconciliation from budgetary basis (modified accrual) to full accrual:

Reconciling items:	
Principal payments	145,347
Capital outlays	536,045
Depreciation	(581,310)
Decrease in long-term debt accrued interest	1,176
Deferred outflows of resources for contributions made to pension plan in current year	32,990
Pension expense	(2,935)
Increase in OPEB liability	(16,552)
Increase in accrued vacation pay	(8,805)
Total	<u>105,956</u>
Change in net position	<u>\$ 244,565</u>

Town of Waynesville, North Carolina
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2015

	2015		Variance Positive/(Negative)
	Budget	Actual	
Revenues:			
Operating revenues:			
Sewer charges	\$ -	\$ 2,193,582	\$ -
Taps and connection fees	-	42,375	-
Total operating revenues	<u>2,180,650</u>	<u>2,235,957</u>	<u>55,307</u>
Nonoperating revenues:			
Miscellaneous	-	1,286	1,286
Total nonoperating revenues	<u>400</u>	<u>1,286</u>	<u>886</u>
Total revenues	<u>2,181,050</u>	<u>2,237,243</u>	<u>56,193</u>
Expenditures:			
Finance and administration:			
Charges by general fund	<u>162,180</u>	<u>133,950</u>	<u>28,230</u>
Waste collection and treatment:			
Maintenance department:			
Salaries and employee benefits	-	346,269	-
Professional services	-	7,404	-
Maintenance	-	51,252	-
Other departmental expenditures	-	152,411	-
Capital outlay	-	205,562	-
Total	<u>979,790</u>	<u>762,898</u>	<u>216,892</u>
Operations department:			
Salaries and employee benefits	-	604,538	-
Professional services	-	12,303	-
Utilities	-	202,609	-
Maintenance	-	80,341	-
Other departmental expenditures	-	238,493	-
Capital outlay	-	118,028	-
Total	<u>1,325,170</u>	<u>1,256,312</u>	<u>68,858</u>
Total waste collection and treatment	<u>2,304,960</u>	<u>2,019,210</u>	<u>285,750</u>
Debt service:			
Principal payments	-	41,816	-
Interest and fees	-	1,282	-
Total	<u>43,100</u>	<u>43,098</u>	<u>2</u>
Total expenditures	<u>2,510,240</u>	<u>2,196,258</u>	<u>313,982</u>
Revenues over (under) expenditures	<u>(329,190)</u>	<u>40,985</u>	<u>370,175</u>
Other financing sources (uses):			
Transfers to other funds:			
Transfers to general fund:	(87,820)	(87,820)	-
Transfers to electric fund:	(555,000)	(555,000)	-
Contributed capital	20,000	12,172	(7,828)
Fund balance appropriated	<u>952,010</u>	<u>-</u>	<u>(952,010)</u>
Total other financing sources	<u>329,190</u>	<u>(630,648)</u>	<u>(959,838)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (589,663)</u>	<u>\$ (589,663)</u>

Reconciliation from budgetary basis (modified accrual) to full accrual:

Reconciling items:	
Principal payments	41,816
Capital outlays	323,590
Depreciation	(403,858)
Decrease in long-term debt accrued interest	811
Deferred outflows of resources for contributions made to pension plan in current year	44,373
Pension expense	(3,948)
Increase in OPEB liability	(22,985)
Increase in accrued vacation pay	(3,627)
Total	<u>(23,828)</u>
Change in net position	<u>\$ (613,491)</u>

Town of Waynesville, North Carolina
 Asset Services Management Internal Service Fund
 Schedule of Revenues and Expenditures - Financial Plan and Actual (Non - GAAP)
 For the Fiscal Year Ended June 30, 2015

	2015		Variance
	Financial Plan	Actual	Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services	\$ 2,038,070	\$ 1,833,278	\$ (204,792)
Total operating revenues	2,038,070	1,833,278	(204,792)
Nonoperating revenues:			
Miscellaneous	-	2,787	2,787
Total nonoperating revenues	-	2,787	2,787
Total revenues	2,038,070	1,836,065	(202,005)
Expenditures:			
Public Services Administration:			
Salaries and employee benefits	-	379,519	-
Occupancy costs	-	2,042	-
Maintenance and repairs	-	6,122	-
Materials and supplies	-	4,792	-
Other departmental expenses	-	41,142	-
Capital outlays	-	22,079	-
Total expenditures	499,830	455,696	44,134
Public Facilities:			
Salaries and employee benefits	-	324,676	-
Occupancy costs	-	56,000	-
Maintenance and repairs	-	45,385	-
Materials and supplies	-	77,515	-
Other departmental expenses	-	418,181	-
Capital outlays	-	68,890	-
Total expenditures	1,137,630	990,647	146,983
Purchasing:			
Salaries and employee benefits	-	175,262	-
Occupancy costs	-	25,792	-
Maintenance and repairs	-	42,774	-
Materials and supplies	-	17,365	-
Other departmental expenses	-	7,533	-
Capital outlays	-	100,918	-
Total expenditures	400,610	369,644	30,966
Revenues over expenditures	-	20,078	(232,971)
Other financing sources (uses):			
Fund balance appropriated	-	-	-
Net change in fund balance	\$ -	20,078	\$ 20,078
Reconciliation from financial plan basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(30,530)	
Capital outlays		191,887	
Deferred outflows of resources for contributions made to pension plan in current year		43,230	
Pension expense		(3,846)	
Increase in OPEB liability		(21,383)	
Increase in accrued vacation pay		(20,077)	
Total reconciling items		159,281	
Change in net position		\$ 179,359	

Town of Waynesville, North Carolina
Garage Internal Service Fund
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2015

	2015		Variance
	Financial Plan	Actual	Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services	\$ 686,920	\$ 538,554	\$ (148,366)
Total operating revenues	686,920	538,554	(148,366)
Nonoperating revenues:			
Miscellaneous	-	32,431	32,431
Total nonoperating revenues	5,000	32,431	27,431
Total revenues	691,920	570,985	(120,935)
Expenditures:			
Salaries and employee benefits	-	123,154	-
Occupancy costs	-	-	-
Maintenance and repairs	-	7,359	-
Materials and supplies	-	114,749	-
Other departmental expenses	-	318,326	-
Capital outlay	-	10,903	-
Total expenditures	691,920	574,491	117,429
Net change in fund balance	\$ -	(3,506)	\$ (3,506)
Reconciliation from financial plan basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(20,375)	
Capital outlay		10,903	
Deferred outflows of resources for contributions made to pension plan in current year		5,785	
Pension expense		(515)	
Increase in OPEB liability		(2,207)	
Decrease in accrued vacation pay		3,506	
Total reconciling items		(2,903)	
Change in net position		\$ (6,409)	

Town of Waynesville, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2015

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2014</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2014 - 2015	-	5,176,785	\$ 5,026,512	\$ 150,273
2013 - 2014	139,036	-	64,029	75,007
2012 - 2013	71,518	-	23,373	48,145
2011 - 2012	53,686	-	12,818	40,868
2010 - 2011	49,519	-	9,830	39,689
2009 - 2010	43,369	-	8,713	34,656
2008 - 2009	37,111	-	4,599	32,512
2007 - 2008	37,681	-	2,929	34,752
2006 - 2007	25,377	-	3,611	21,766
2005 - 2006	28,480	-	8,703	19,777
2004 - 2005	20,604	-	20,604	-
	<u>\$ 506,381</u>	<u>\$ 5,176,785</u>	<u>\$ 5,185,721</u>	<u>497,445</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>(20,000)</u>
Ad valorem taxes receivable - net				<u><u>477,445</u></u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				5,202,419
Reconciling items:				
Interest, penalties and advertising collected				(41,644)
Taxes written off				<u>24,946</u>
Subtotal				<u>(16,698)</u>
Total collections and credits				<u><u>\$ 5,185,721</u></u>

Town of Waynesville, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2015

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 1,155,232,918	0.4382	\$ 5,062,231	\$ 4,729,045	\$ 333,186
Municipal service district	49,732,871	0.2000	99,465	99,465	-
Penalties	-		5,890	5,890	-
Total	<u>1,204,965,789</u>		<u>5,167,586</u>	<u>4,834,400</u>	<u>333,186</u>
Discoveries:					
Current year taxes	3,479,233	0.4382	15,246	15,246	-
Penalties	-		1,828	1,828	-
Total	<u>3,479,233</u>		<u>17,074</u>	<u>17,074</u>	<u>-</u>
Refund of overpayments			-	-	
Abatements	<u>(1,797,125)</u>		<u>(7,875)</u>	<u>(7,875)</u>	<u>-</u>
Total property valuation	<u>\$ 1,206,647,897</u>				
Net levy			5,176,785	4,843,599	333,186
Uncollected taxes at June 30, 2015			<u>(150,273)</u>	<u>(150,063)</u>	<u>(210)</u>
Current year's taxes collected			<u>\$ 5,026,512</u>	<u>\$ 4,693,536</u>	<u>\$ 332,976</u>
Current levy collection percentage			<u>97.10%</u>	<u>96.90%</u>	<u>99.94%</u>

COMPLIANCE SECTION

**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

Independent Auditor's Report

To the Honorable Mayor and Board of Aldermen
Town of Waynesville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Waynesville, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Waynesville's basic financial statements, and have issued our report thereon dated October 23, 2015. Our report includes a reference to other auditors who audited the financial statements of the Town of Waynesville ABC Board, as described in our report on the Town of Waynesville's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Town of Waynesville ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Waynesville's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Waynesville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Waynesville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ray, Bumgarner, Kingshill & Assoc., P.A.

Waynesville, North Carolina
October 23, 2015

Town of Waynesville, North Carolina
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2015

Section II. - Financial Statement Findings

None reported

Town of Waynesville, North Carolina
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2015

Section II - Financial Statements Findings

None reported

Town of Waynesville, North Carolina
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended June 30, 2015

Section II - Financial Statements Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

Section IV - State Award Findings and Questioned Costs

None reported